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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Foxbat pilot seeks asylum

Soviet pilot who yesterday landed a MIG-25, the world's fastest fighter aircraft, at Skokholm in the Firth of Clyde, north-west of Glasgow, said he had fled from his base in Siberia and was seeking asylum in the U.S. The pilot, who was identified as a first lieutenant, asked the British Foreign Office to grant him political asylum. He said he had been ordered to shoot down a British aircraft, but had refused. He had already been released before security police could arrest him.

BUSINESS

Buying pushes gold up to \$115

GOLD rose \$7½ to \$115, boosted by heavy buying. The London Gold Price rose \$7½ to \$115, boosted by heavy buying. The domestic Kruggerand gained \$4.5 to \$67.

STERLING closed unchanged at \$1.7330

STERLING closed unchanged at \$1.7330, its weighted depreciation stood at 38.5 per cent. U.S. markets were closed for the Labour Day holiday.

Return of the Colorado beetle

breeding colony of 130 adult Colorado beetles has been found at a farm near Kent, farm, first seen in 1974, for 24 years. Agriculture Minister said that such a meeting could take place without the pilot's consent.

Court story of bomb at No. 10

letter bomb was left all day in waste paper bin at 10 Downing Street before being discovered. Old Bailey jury heard at yesterday's trial of two young men, Londoners, Northern Ireland, accused of sending letter bombs to prominent people.

Reporter freed

in Swain, 32, the Sunday Times journalist held by rebel Ethiopian guerrillas since mid-June, has been handed over to British Embassy staff in Khartoum. Mr. Swain, who was reportedly released without a ransom, is expected to have information about four other hostages. The Tyler family for whose release \$550,000 is being demanded.

Lakarios wins

alliance of the Communist Party and other parties supporting Archbishop Makarios, President of Cyprus, has won all but one of the 35 seats in the Greek Cypriot parliament. The Right-wing Democratic Party of Mr. Glafkos Clerides failed to secure a seat.

Chief price changes yesterday

Prices in pence unless otherwise indicated.

Commodity	Change
Wheat 3pc 1979	+3
Wheat 3pc 1980	+4
Wheat 3pc 1981	+5
Wheat 3pc 1982	+6
Wheat 3pc 1983	+7
Wheat 3pc 1984	+8
Wheat 3pc 1985	+9
Wheat 3pc 1986	+10
Wheat 3pc 1987	+11
Wheat 3pc 1988	+12
Wheat 3pc 1989	+13
Wheat 3pc 1990	+14
Wheat 3pc 1991	+15
Wheat 3pc 1992	+16
Wheat 3pc 1993	+17
Wheat 3pc 1994	+18
Wheat 3pc 1995	+19
Wheat 3pc 1996	+20
Wheat 3pc 1997	+21
Wheat 3pc 1998	+22
Wheat 3pc 1999	+23
Wheat 3pc 2000	+24
Wheat 3pc 2001	+25
Wheat 3pc 2002	+26
Wheat 3pc 2003	+27
Wheat 3pc 2004	+28
Wheat 3pc 2005	+29
Wheat 3pc 2006	+30
Wheat 3pc 2007	+31
Wheat 3pc 2008	+32
Wheat 3pc 2009	+33
Wheat 3pc 2010	+34
Wheat 3pc 2011	+35
Wheat 3pc 2012	+36
Wheat 3pc 2013	+37
Wheat 3pc 2014	+38
Wheat 3pc 2015	+39
Wheat 3pc 2016	+40
Wheat 3pc 2017	+41
Wheat 3pc 2018	+42
Wheat 3pc 2019	+43
Wheat 3pc 2020	+44
Wheat 3pc 2021	+45
Wheat 3pc 2022	+46
Wheat 3pc 2023	+47
Wheat 3pc 2024	+48
Wheat 3pc 2025	+49
Wheat 3pc 2026	+50
Wheat 3pc 2027	+51
Wheat 3pc 2028	+52
Wheat 3pc 2029	+53
Wheat 3pc 2030	+54
Wheat 3pc 2031	+55
Wheat 3pc 2032	+56
Wheat 3pc 2033	+57
Wheat 3pc 2034	+58
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Wheat 3pc 2036	+60
Wheat 3pc 2037	+61
Wheat 3pc 2038	+62
Wheat 3pc 2039	+63
Wheat 3pc 2040	+64
Wheat 3pc 2041	+65
Wheat 3pc 2042	+66
Wheat 3pc 2043	+67
Wheat 3pc 2044	+68
Wheat 3pc 2045	+69
Wheat 3pc 2046	+70
Wheat 3pc 2047	+71
Wheat 3pc 2048	+72
Wheat 3pc 2049	+73
Wheat 3pc 2050	+74
Wheat 3pc 2051	+75
Wheat 3pc 2052	+76
Wheat 3pc 2053	+77
Wheat 3pc 2054	+78
Wheat 3pc 2055	+79
Wheat 3pc 2056	+80
Wheat 3pc 2057	+81
Wheat 3pc 2058	+82
Wheat 3pc 2059	+83
Wheat 3pc 2060	+84
Wheat 3pc 2061	+85
Wheat 3pc 2062	+86
Wheat 3pc 2063	+87
Wheat 3pc 2064	+88
Wheat 3pc 2065	+89
Wheat 3pc 2066	+90
Wheat 3pc 2067	+91
Wheat 3pc 2068	+92
Wheat 3pc 2069	+93
Wheat 3pc 2070	+94
Wheat 3pc 2071	+95
Wheat 3pc 2072	+96
Wheat 3pc 2073	+97
Wheat 3pc 2074	+98
Wheat 3pc 2075	+99
Wheat 3pc 2076	+100

Leyland rebels defy shop stewards' curb on wildcats

BY PETER CARTWRIGHT and IAN HARGREAVES

Shop stewards at British Leyland's Longbridge car plant voted overwhelmingly yesterday to curb wildcat strikes, but the plant remained closed because of an unofficial stoppage by maintenance men.

The initiative for tightening discipline came from the powerful eight-man joint shop stewards committee, which called a meeting of the Birmingham complex's 700 shop stewards.

With only three votes against, and four abstentions, the meeting accepted a plan to re-establish the committee's central control during disputes, but just before the vote was taken several stewards from the maintenance men's negotiating committee walked out.

The negotiating committee then held a separate meeting and voted to continue a strike to force its demand for a payment of between £15 and £20 for time they had been idle because of another strike last week.

Earlier, the company had warned that it would re-open the plant without a promise of good behaviour from all workers. The maintenance men were at that stage said to be prepared to resume work, but only with the intention of operating sanctions, so Longbridge remained closed.

The closure has already cost Leyland over £2m in lost retail sales, halted production of the Allegro and the Mini and caused the lay-off of 18,000 men.

Mr. Derek Robinson, convenor of the joint shop stewards committee, reacted angrily to the day's developments. After witnessing the flouting of the committee's authority by the maintenance stewards, he accused them of "bringing the factory and organisation into disrepute."

He was determined that the support received from the majority of shop stewards would be converted into a firm undertaking on unofficial stoppages when the plant re-opened.

He said: "We can no longer tolerate a situation in which individual groups can take action that will affect the livelihood of thousands in the plant and make difficulties for a Labour Government that has given great financial help to British Leyland."

If trade unionists did not act responsibly, that support would be undermined, he said.

Later full-time officials of the Amalgamated Union of Engineering Workers, the union to which the maintenance men belong, moved to quell the trouble. Seven members of the strikers' negotiating committee have been called to an emergency meeting to-night which will also be attended by the 40 maintenance stewards who yesterday gave their backing to the joint stewards committee peace initiative.

The AUEW officials are expected to underwrite the joint stewards committee's main recommendation that workers should not take unofficial action, impose unofficial sanctions "or interrupt continuous production in any way" until the negotiating procedure has been exhausted. The only exceptions would be in cases of employee victimisation. Attempts to iron out other work.

Imported cars take 40% of market

By Terry Dodsworth
Motor Industry Correspondent

Car imports took a record 40 per cent. share of the U.K. market last month to rub some of the gloss off the first month for sales that the British industry has enjoyed for three years.

The figures, which will inevitably feed the TUC's agitation for some form of import controls, give a hint of even worse things to come for the British industry unless British Leyland and Ford can sort out their production problems swiftly.

Both companies go into September in a difficult stock situation, with Ford involved in a major model change-over programme at its Dagenham plant, and British Leyland suffering from several different industrial disputes. Ford is short of Escorts following an earlier strike at Halewood.

leaving each company low on car stocks at a crucial point in the fight back against imports.

Given continuing production problems for these companies it is conceivable that imports could rise well above the 40 per cent. mark this month—a level which has been officially described as "destructive" of the British industry.

Some industry officials were trying to damp down the impact of the figures yesterday by pointing out that the position was in effect no worse than in August last year, when imports achieved a 38.7 per cent. share even without the inclusion of foreign-made cars sold by the large British manufacturers.

Since then the basis of the figures has been altered to include vehicles like Vauxhall's Cavalier, Ford's Glas and the Chrysler Alpine.

Imports of vehicles by the big three multi-national producers—Ford, Chrysler and Vauxhall—have unquestionably made a significant impact on the market this year, accounting for about 6 per cent. of the total.

Despite these problems the Continued on Back Page

Summit key to Kissinger peace bid

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

THE FUTURE of Dr. Kissinger's diplomacy in southern Africa now depends on the outcome of the Dar es Salaam summit which opened today between the Presidents of Tanzania, Zambia, Botswana, Mozambique and Angola.

At today's Press conference, Mr. Vorster again said he did not have plans now or in future to talk to Swapo. But, when asked whether he would accept an invitation from the Windhoek Conference to talk at the same table with Swapo he declared that he would consider such a suggestion on its merits.

This, it is being suggested here, may be the face-saving device for South Africa's continued insistence that South West Africa is an affair to be solved by the country itself. Another problem is South West Africa's stated unwillingness to talk directly to Swapo.

After his three days of talks with South Africa's Prime Minister, Mr. Vorster, the U.S. Secretary of State declared his belief that conditions for further negotiation on both Rhodesia and South West Africa (Namibia) existed.

His discussions with Mr. Vorster had been "fruitful" and progress had been made both on procedure and substance. But future negotiations depended on the attitude of the black African presidents meeting in the Tanzanian capital.

Although there was "still a lot of work to be done" Dr. Kissinger said that in his bid to provide a peaceful alternative to the escalating conflicts in southern Africa "we are moving towards a position where we will be able to put a complete programme on Rhodesia and on Namibia."

He said he had not heard from the presidents in Dar-es-Salaam, but it was up to them to decide whether the elements of that programme met their needs. They would be told of the results of his meeting with Mr. Vorster, possibly by a special visit of Assistant Secretary for Africa, Mr. William Schaefele, or through normal diplomatic channels but in any case "within the next 48 hours."

Neither Dr. Kissinger nor Mr. Vorster, who also spoke to the Press today, would give substantive details of their talks. Mr. Vorster was considerably less communicative than the U.S. Secretary, although when pressed did declare that there had been "free and frank exchanges" and as a result "progress has certainly been made."

In the absence of official detail—and it becomes more clear that Dr. Kissinger considers secrecy to be the essence of his activities—it remains the feeling here that more progress has been made on South West Africa than on Rhodesia and that only the most cursory consideration has been given to South Africa.

The basis of the South West Africa "programme" is a constitutional conference, probably in Geneva and possibly within the next few weeks, which would include both the South African-sponsored Windhoek Conference delegates and the National Party Organisation and representatives from South Africa.

One major problem here, which clearly has been discussed between Dr. Kissinger and Mr. Vorster, is South Africa's con-

Narrow vote by seamen for industrial action

BY ROY ROGERS, LABOUR CORRESPONDENT, IN BRIGHTON

BRITAIN'S 38,000 merchant navy seamen yesterday cast a shadow over the opening day of the TUC's annual congress by voting in favour of industrial action to support pay demands. The decision, by only 308 votes in a secret ballot, will also place the National Union of Seamen's executive in a difficult position.

They meet in special session tomorrow at the union's headquarters in Clapham, South London, to decide what action to take in the light of the ballot result. This showed 7,721 in favour of action and 7,412 against in a 37½ per cent. poll.

Clearly there is little or no possibility of a repeat of the damaging 1966 national seamen's strike. But according to Mr. Jim Slater, NUS general secretary, there will be action possibly involving strikes in areas where men had shown most militancy.

These included tankers, bulk carriers and general cargo ships, although he added that they would only be affected when they returned to port.

The TUC, which has already declared that the seamen's demand for 35-a-week increases, any special cases, such as the seamen's, which might open the floodgates to similar demands from other groups.

They also point out that seamen have been treated in exactly the same way as other workers who received staged increases last year.

Mr. Albert Booth, Employment Secretary, heard the news of the seamen's vote only minutes after arriving for a speaking engagement in Brighton. He said he did not regard it as a vote against the social contract.

"I hope the union's executive council will reconsider the situation, as I am sure they will, in the light of the TUC voting this week."

Logically, the TUC Congress will be declaring its support for the social contract in its main Editorial Comment Page 14 TUC Report Page 8

RB-211 industrial sales drive

BY DAVID FISHLOCK, SCIENCE EDITOR

ROLLS-ROYCE could end up selling more RB-211 engines for earthbound uses than for aircraft, according to Mr. Ralph Robbins, the newly appointed commercial director of the company.

Mr. Robbins, interviewed at the Farnborough International Air Show, said that Rolls-Royce was looking to the industrial market for 20 per cent. of its sales—worth perhaps \$200m.—and expected industrial sales to reach that level by about 1980.

The RB-211 is the aero-engine originally developed for the Lockheed TriStar airliner. Development costs escalated so rapidly that in 1971 the company was forced into bankruptcy and went over to state ownership. One of the brightest prospects, believes Mr. Robbins, is its use as a pump for natural gas transmission, where the fan and associated gas turbines are removed to leave a compact gas generator rated at 30,600 gas horsepower.

Such an engine has been operating on the Trans-Canada pipeline since 1974, powering a Cooper Energy Services gas transmission set. Originally installed as a demonstration, the unit has recently been purchased.

The RB-211 should do well in Canada, because of the two north-south pipelines, being Avon engines. The company is looking to the industrial RB-211 as the successor to the industrial RB-211, in service since 1963. It has 60 per cent. more power and 25 per cent. better efficiency, because it consumes less of the gas it is pumping. The company hopes to raise its efficiency further with an industrial version of the RB-211, a gas-turbine developed for the Boeing 747 and the long-range TriStar. This will be rated at 33,600 gas horsepower.

Kaufmann on aircraft markets Page 7

ing one of Swapo's and the United States' prime conditions for negotiations on Rhodesia has two prongs: first, he hopes that the African Presidents will persuade Rhodesian African nationalists to form a common front; second, he hopes that he and Mr. Vorster can persuade Mr. Ian Smith that he and his Government must negotiate the transfer to majority rule while there is still time.

Observers here are sceptical of his chances of either of these objectives being achieved soon, but Dr. Kissinger seems keen to engage in further negotiations which could well involve Mr. Smith.

Our Foreign Staff writes: Dr. Kissinger returned to London in the afternoon for a meeting at Downing Street with Mr. Callaghan, Prime Minister.

Reuter reports from Dar-es-Salaam: Mr. Sam Nujoma, leader of Swapo, said today he was ready for talks with South Africa but "only about the timetable for its withdrawal from Namibia."

Our Salisbury correspondent writes: Mr. Smith has repeated his call for first-hand U.S. involvement in settlement on America to try to come in and help us settle this constitutional dispute."

South African police alert Page 5 Editorial Comment, Page 14

Blackwood Hodge

We cover the world

BLACKWOOD HODGE

THE WORLD'S LARGEST DISTRIBUTORS OF EARTH-MOVING EQUIPMENT

Chief price changes yesterday

Prices in pence unless otherwise indicated.

Commodity	Change
Wheat 3pc 1979	+3
Wheat 3pc 1980	+4
Wheat 3pc 1981	+5
Wheat 3pc 1982	+6
Wheat 3pc 1983	+7
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Wheat 3pc 1989	+13
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Wheat 3pc 2007	+31
Wheat 3pc 2008	+32
Wheat 3pc 2009	+33
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Wheat 3pc 2021	+45
Wheat 3pc 2022	+46
Wheat 3pc 2023	+47
Wheat 3pc 2024	+48
Wheat 3pc 2025	+49
Wheat 3pc 2026	+50
Wheat 3pc 2027	+51
Wheat 3pc 2028	+52
Wheat 3pc 2029	+53
Wheat 3pc 2030	+54
Wheat 3pc 2031	+55
Wheat 3pc 2032	+56
Wheat 3pc 2033	+57
Wheat 3pc 2034	+58
Wheat 3pc 2035	+59
Wheat 3pc 2036	+60
Wheat 3pc 2037	+61
Wheat 3pc 2038	+62
Wheat 3pc 2039	+63
Wheat 3pc 2040	+64
Wheat 3pc 2041	+65
Wheat 3pc 2042	+66
Wheat 3pc 2043	+67
Wheat 3pc 2044	+68
Wheat 3pc 2045	+69
Wheat 3pc 2046	+70
Wheat 3pc 2047	+71
Wheat 3pc 2048	+72
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Wheat 3pc 2051	+75
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Wheat 3pc 2061	+85
Wheat 3pc 2062	+86
Wheat 3pc 2063	+87
Wheat 3pc 2064	+88
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Wheat 3pc 2066	+90
Wheat 3pc 2067	+91
Wheat 3pc 2068	+92
Wheat 3pc 2069	+93
Wheat 3pc 2070	+94
Wheat 3pc 2071	+95
Wheat 3pc 2072	+96
Wheat 3pc 2073	+97
Wheat 3pc 2074	+98
Wheat 3pc 2075	+99
Wheat 3pc 2076	+100

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U.S. in a cautious frame of mind

BY JUREK MARTIN

ONE truly dreadful statistic was announced in Washington on Friday: Black teenage unemployment, the Government said, had risen to 40.3 per cent nationally, which means that there are more than 100,000 black teenagers out of the country where it is much higher than that.

With Detroit racked by young black gang violence and with the mood in half a dozen other big cities distinctly edgier again, it is a figure that should have screamed a warning to all those who would do anything to prevent repetition of the urban violence of the 1960s.

But somehow the sense of outrage was muted. Cynics might say this is because young black teenagers have no major advocates abroad in the land. There is more to it than that.

7.9% workless

The black unemployment data were just part of national calculations which showed that just two months before the Presidential election 7.9 per cent of the American labour force was unemployed.

Roosevelt accepted, no President this century has won an election with the handicap of so high a jobless rate, and even FDR was able to offer the hope of something better.

It is axiomatic that any incumbent at the very least has the figures moving in the right direction in the run-up to an election, yet poor President Ford now has had three months of unemployment going up and economic expansion slowing down. That, classically, is a sure prescription for disaster at the polls.

But consider the reaction from the man who stands most to gain from economic discontent. To be sure, Mr. Jimmy Carter could not resist the odd barb against Mr. Ford's lack of leadership, but it was pallid stuff.

After all, Mr. Carter had spent part of last week embracing Mr. George Meany and the American Federation of Labour Congress of Industrial Organisation to whom nothing matters more than jobs. He has had his liberal running mate, Senator Mondale, preaching the message that the Democrats will do something about unemployment, and both he and the President are on the record as stating that jobs constitute the Number One issue in the country.

And yet, presented with the sort of ammunition that most politicians would give their right arm for, what does Mr. Carter do but deliver a homily on the necessity of balancing the Federal Budget and perhaps forgoing in the process a num-

Abstainers

Rather it will focus on the selling of images and visions—to a public which, all the polls suggest is not in a buying mood. According to one poll this weekend it is quite likely that as many as half those entitled to vote will not do so in November. But those who have never been part of the system (like the young Blacks) will continue to abstain and will be joined by many more who, in the mainstream of American life, are disenchanted with conventional politics, its rhetoric, its promises and its lack of achievement.

This is why Mr. Ford and Mr. Carter, after allowing for a few visionary flourishes, will be selling a humble range of goods this year from a pretty similar stockpile. There will be sweets to lure one group and carrots to seduce another, but neither is going to promise the country the free run of the shop.

RACING

BY DOMINIC WIGAN

Octogenarian should maintain Dunlop's Yorkshire record

JOHN DUNLOP usually does well with the runners he sends raiding north of the Trent and his lighty-raced Double-U-Jay colt Octogenarian can maintain the Arundel stable's fine record in Yorkshire by lifting to-day's Hilly Stakes at Pontefract.

Octogenarian, whose sole juvenile effort resulted in a third-placed run behind Brother Harry at Brighton, where he was made odds on to win at the first time of asking, has run well on both appearances this season.

A promising seventh of 19 behind Fine Blue in a mile maiden event at Newbury in July, where he made up considerable ground on the leaders in the final quarter mile, Octogenarian went on to finish fourth of 12 behind Regal Romance in the Amesbury Stakes over the same distance at Salisbury on August 12.

There, he again made late headway and was only seven lengths behind the winner, who

scrambled home from True Prince.

Regal Romance has since run respectably against stronger opposition at Goodwood, and True Prince has also franked the form, losing his maiden effort with an easy Brighton success.

In a race which took little winning, I hope to see Octogenarian win at the main event, the Willie Carson, mounted on the improving Alcide ally, Alva.

Whatever his fate with Alva, the popular Scottish rider should have at least one winner, for that filly's speedy stable-mate The Truant should win the Grimthorpe Handicap.

Dennis Smith's powerfully made The Kristian colt, landing in smart form recently, has been in the events at Lanark and Ripon, and his task here under 8 st 4 lb does not appear particularly formidable. The joint top weights, Pillar-box and Lyncathal, from

whom he receives 13 lb, may chase him home.

Aspects, who never threatened to trouble that extremely useful colt Adviser in the Sirenia Stakes at Kempton three weeks ago, faces less daunting opposition in the Junior Stakes and should prove up to regaining the winning thread.

At Folkestone, Shuwalun is confidently expected to maintain Ryan Price's remarkable run with a success in the Warren Stakes.

PONTEFRAC
2.45—Aspect
3.15—Alva
3.45—The Truant
4.15—Octogenarian**
4.45—Smith
5.15—Harry Hedges

FOLKESTONE
2.00—Angels
2.30—Blunder
4.00—Red Counsel
4.30—Shuwalun*

Hunt two points behind Lauda in wide open championship

BY BRIAN AGER

THE WORLD motor racing championship is wide open, with Britain's James Hunt just two points behind Niki Lauda, who has still not returned after his horrifying crash in the German Grand Prix.

But, although Lauda will not be racing on Saturday in the Italian Grand Prix at Monza, his Ferrari team will be making a determined effort to stop Hunt taking the lead.

For Ferrari, which withdrew from the championship after Lauda's accident, only stayed away for the Austrian Grand Prix and made a comeback in the Dutch race with one car. Its driver, Clay Regazzoni, finished only two seconds behind Hunt. Now the Ferrari team has been strengthened by recruiting Carlos Reutemann from Brabham.

The two Ferrari cars will aim to hold off the Hunt challenge until Lauda can get back into racing—probably next month in the Canadian Grand Prix.

If Hunt can be prevented from scoring any points at Monza, and if Lauda comes back fully fit in Canada, the Austrian would be the favourite to win the championship. But there is still concern about whether Lauda's lungs have been seriously affected

from the results of the crash—in which he breathed in smoke and fumes—and to win a Grand Prix a driver has to be in top physical condition.

Surprise

To be fair to Hunt, he might have collected many points if Lauda had not had his crash for the Ferrari cars, which had run away with the early races recently have had mechanical troubles.

Although it looks certain that either Hunt, with 56 points, or Lauda, with 58, will be champion at the end of the season there are plenty of other people capable of winning races.

The two Elf-Tyrrell cars, which surprised everyone when their six-wheel design was revealed to the motor racing world, have been having a good season and their drivers—Jody Scheckter (36 points) and Patrick Depailler (26 points)—are sitting in third and fourth places in the table.

John Watson, who won the Austrian Grand Prix, must now be counted among the likely winners on any track, and many other drivers have proved they are in form—but unfortunately their cars have not been.

But it would take some sort of miracle—or a tragedy—to deprive Hunt or Lauda of taking final honours.

£1,200 paid for early 19th-century bookcase

AN EARLY 19th century mahogany breakfast bookcase sold for £1,200 to Bishop in a London furniture sale by Phillips totalling £22,155.

At Jollifs of Bath, the auction rooms recently acquired by

Phillips, a sale of furniture and clocks realised £24,291. Coral paid £700 for a set of seven Georgian mahogany dining chairs.

A sale of watercolours at Phillips in London totalled £9,544.

WINE

Summer pair from the Upper Loire

BY EDMUND PENNING-ROWSELL

NO DOUBT like many others they came into that price bracket, about no more for during the long hot summer, I have drunk much more white wine than usual; partly because dry white wines are refreshing when chilled, partly as it has been often said, because it is impossible to drink too much of them.

For once they reach a temperature in the higher 70s and upward, the acidity comes out and they lose their roundness and fattiness.

Of the white wines none has given me more pleasure than that pair from the Upper Loire: Pouilly-Fumé and Sancerre. Generally speaking I do not find the Loire wines very exciting, though this summer Muscadet has proved an economical alternative to Bourgogne Aligoté in making my blanc cassis, the Kir of Burgundy. Pouilly-Fumé and Sancerre, however, are distinctive wines of character. They would not claim to be grands vins, but they have a style and individuality that cannot be matched elsewhere, and the counts in the little known vines of Quincy, Reuilly and Menetou-Salon, produced in small districts to the north of Bourges from the same grape as the Loire pair, but with a somewhat lesser output of no more than 7,000 hl.

Fuller bodied

While both white wines must be made from the Sauvignon grape, in Pouilly it is usually called the Blanc-Fumé, and gives the wine its name—not to be confused with the leading Maconais, Pouilly-Fuissé, a much fuller-bodied wine, whose name is a conjunction of the two leading communes producing the wine from the Chardonnay grape. Another wine grown in the Loire valley, however, is made from the Chasselas, and although entitled to the appellation contrôlée Pouilly-sur-Loire, it is a considerably lesser wine, agreeable as an accompaniment to a picnic, but beside the broad, sluggish river.

At one time more Chasselas was planted in Pouilly than Blanc-Fumé, but the enhanced popularity and price of the latter has led to a change. Whereas up to 20,000 hl. of Pouilly-Fumé are made annually, only about 5,000 hl. are produced for sale as Pouilly-sur-Loire.

Sancerre now makes no less than 40,000 hl. of white wine in a good year, and in addition produces nearly 9,000 hl. of red and rose wines from the Pinot Noir, the leading grape of the Côte d'Or. The red is dry, clean and certainly among the better French roses, having more character than most.

The red in a good year can be attractive, clean and fruity but lacking the flesh and body of a burgundy or even a fine Beaujolais. For it is too far north here to make such fruity red wines, as can be seen lower down the Loire at Chinon and Bourgueil.

The red Sancerres need a year or so in cask before being bottled, though they do not always have it. This year in Sancerre I enjoyed the red, but I probably enjoyed the white more than the white, which has remained a bit green.

Of the two wines, Pouilly-Fumé probably has more esteem, with a fine aroma and a dry flavour rather earlier than Sancerre, but I still part I tend to prefer the latter, as although distinctly dry, the Sauvignon "cut" it is fuller and rounder. If Pouilly-Fumé is more "aristocratic", Sancerre is more "generous".

Excellent

The best recent years for both were '71, '73 and '75—particularly the last-named, several excellent examples of which I sampled in and around both districts earlier this summer. The white wine of the '73 Sancerres, about the April following the vintage, but personally I like both best after six months or so in bottle, when a little of the initial sharpness and greenness has mellowed. A few bottles have been most agreeable, and a bottle of the '71 Sancerres drunk early this year was remarkable. But on the spot they like their wines young and fresh.

When on my recent visit I mentioned to a grower that I preferred the Sancerres of the year or so old, he disagreed, saying "Sancerre is at its best in the January after the vintage. Maybe for the growers' taste, but heaven preserve us from another dry summer all too ready to be 'winking at the grim'."

Two factors

The two Upper Loire wines owe their special character to two factors: the grape variety and the situation of soil; and of the two I believe the former to be the more important.

For here is an outpost of the grape most associated with Bordeaux: the Sauvignon. It produces a wine with a certain "cut", an austerity that in the Gironde results in it usually being blended with the Semillon to give a rather more supple wine, though it has also the advantage of being subject in a good year to the powdery noble that gives sauternes its luscious quality. To-day, Bordeaux is also producing a certain amount of pure Sauvignon for early drinking, as it makes a dry, crisp wine, but it is not in the same class as the two Loire wines.

Both of these have enjoyed a special esteem within the past 15 or 20 years, having to some extent been "discovered" by Paris bistros, where petits vins blancs always have a warm welcome. Sancerre and Pouilly-Fumé are more than a little Anjou in that there is only one small hotel.

It makes an attractive deviation for those travelling on the Mediterranean-bound RN 7 that runs along the other side of the river, but now fortunately passes Pouilly. (However, travellers should be warned that although there is a sufficiency of restaurants and bars in Sancerre, since the closing some years ago, Sancerre and Pouilly-Fumé are more than a little Anjou in that there is only one small hotel.)

TV/Radio

† Indicates programme in black and white

BBC 1

7.55 a.m. Open University. 9.30-11.00 TUC Congress reports. 12.45 p.m. Midday News. 1.00 Pebble Mill. 1.45 Andy Pandy. 2.15-2.15 TUC Congress reports. 3.45 "Madden" Nhw. 4.18 Regional News (except London). 4.30 Play School. 4.45 We Are The Champions 1978. 5.10 Lippy Lion and his friends. 5.35 Magic Roundabout. 5.40 Evening News. 5.55 Nationwide. 6.50 Lassic At Hanford's Point. 8.00 The Dick Emery Show with Alfie Bass.

BBC 2

6.40 a.m. Open University. 9.30-11.00 TUC Congress report. 11.40 Play School. 11.55 TUC Congress. 12.45 p.m. Open University. 1.45 Happy Return (part 2). 2.30 News on 2. 7.45 Illusionists: Phantasmagorical Trickography. 8.10 Look Stranger. 8.35 Best of Brass. 8.50 Champion Brass Bands in Concert. 9.00 Tuesday Cinema: "LH 615 Operation Munica". 10.50 Newswatch. 11.05 International Golf. 12.45 a.m. Closedown: Ronald Pickup reads "Love", by Pablo Neruda.

LONDON

9.45 a.m. Sally and Jake. 9.55 A Diary of Civilisations. 10.45 The Saint. 11.35 Dusty's Trail. 12.40 Paperstars. 1.20 a.m. P. 1.30 First Report. 1.30 Lunchtime Today. 1.30 Marked Personal. 2.00 Good Afternoon. 2.00 a.m. P. 2.10 a.m. P. 2.20 a.m. P. 2.30 a.m. P. 2.40 a.m. P. 2.50 a.m. P. 3.00 a.m. P. 3.10 a.m. P. 3.20 a.m. P. 3.30 a.m. P. 3.40 a.m. P. 3.50 a.m. P. 4.00 a.m. P. 4.10 a.m. P. 4.20 a.m. P. 4.30 a.m. P. 4.40 a.m. P. 4.50 a.m. P. 5.00 a.m. P. 5.10 a.m. P. 5.20 a.m. P. 5.30 a.m. P. 5.40 a.m. P. 5.50 a.m. P. 6.00 a.m. P. 6.10 a.m. P. 6.20 a.m. P. 6.30 a.m. P. 6.40 a.m. P. 6.50 a.m. P. 7.00 a.m. P. 7.10 a.m. P. 7.20 a.m. P. 7.30 a.m. P. 7.40 a.m. P. 7.50 a.m. P. 8.00 a.m. P. 8.10 a.m. P. 8.20 a.m. P. 8.30 a.m. P. 8.40 a.m. P. 8.50 a.m. P. 9.00 a.m. P. 9.10 a.m. P. 9.20 a.m. P. 9.30 a.m. P. 9.40 a.m. P. 9.50 a.m. P. 10.00 a.m. P. 10.10 a.m. P. 10.20 a.m. P. 10.30 a.m. P. 10.40 a.m. P. 10.50 a.m. P. 11.00 a.m. P. 11.10 a.m. P. 11.20 a.m. P. 11.30 a.m. P. 11.40 a.m. P. 11.50 a.m. 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Edinburgh exhibitions

by WILLIAM PACKER

The Edinburgh Festival is undoubtedly a most important and distinguished jamboree of the Arts, a regular international event that has been pencilled into the diaries of the civilised every year now for rather more than a generation: and yet it is a festival of the Arts that allows but a poor place in its scheme of things for painting and sculpture. Perhaps the organisers are not particularly interested in such things (for many civilised people admit, after all, that they know nothing about Art, but know what they like), but if so, that is a great pity and a squandered opportunity. Individual enthusiasts, like Richard Demarco, have done their best in the past to bring work of international standing to Edinburgh, to match the quality of the music and theatre, but their efforts, it seems, have served only to excite the official Festival Society, in its own mind, from doing anything for itself. For Edinburgh possesses many good galleries, and all of them, commercial and

public, have the nous to put something good before the discriminating audience, that pours into the city at this time of year. Invariably there are excellent exhibitions to be seen; but it is dangerous, to say the least, for the Festival Society to appropriate such efforts to itself.

This year's official guide runs to some eighty pages of text, of which two and a bit are given to exhibitions, two of them: the Royal Scottish Academy's 150th Summer Show, which presumably is worth some celebration, Festival of Art, and, judiciously disposed in the ideal setting of the Royal Botanical Garden, a small selection from the latter work of Barbara Hepworth.

Both these enterprises, though hardly adventurous or particularly festive, are admirable and worth visiting. I wrote at some length on Barbara Hepworth's work on the occasion of the opening of her house and studio in St. Ives, earlier in the year, and there is little point in rehearsing the same arguments.

The Academy show is in fact a fascinating account of the institution's own history, the private rooms downstairs full of documentary material and memorabilia, including many fine architectural drawings for the Academy and National Gallery buildings, while the galleries upstairs house the work of the members themselves, hung as far as is practicable in the order of their election. All Academies are necessarily uneven in their performance, and the real pleasure is to be taken in the inevitable transition from good to marvellous to ex-cruciating takes some acquiring, but finally it proves addictive.

The show begins strongly, with a roomful of paintings by honorary members: Audubon, Gainsborough, Landseer, stage, a Wilkie wedding and Millais lovers (the splendid Black Brunswicker), and fine portraits from Lawrence to Sargent. And there are the distinguished foreigners, Degas, Braque and Chagall, and among the sculptors, Rodin, Moore, Manzoni, and again Degas.

The unevenness comes with the rest, and interest and pleasure slip away as we move towards the present; but there remain many real treats. The portraits are often good, from the fine Lady in Grey by MacNee to the more modest but nonetheless strong painting of a woman by David Foggie, and including Rodin's Edwardian Lady. Broagh's Whistlerian gentleman, and Peopole's old man. There are excellent landscape (George Henry) and genre paintings (Hugh Cameron), and the sudden odd and memorable image of the Weird Wife, a strange piece of Romantic Symbolism by James Giles, or Joan Eardley's expressionist seal. And there is my special favourite, John Lavery's Tennis Party on a summer evening with the sunlight picking out the players against the lengthening shadows.

So much for the Festival proper: and the important shows elsewhere. Kurt Schwitters and American photographs at the Fruitmarket, for example, must wait a day or two for reviews they deserve. But not the Fine Art Society, which has achieved perhaps the major coup of all in putting together a superb show of the work of Leon Bakst, designer to the Ballet Russe, and colleague of Picasso, Cocteau and Stravinsky. He was a great designer, a true artist, but of the kind to express



Bakst: The Little American Girl, 1917.

his genius within a very limited and particular field. It was the theatre that sprang his exotic and exaggerated imagination, but even here the field was narrowed further. His stage designs and decor, though well drawn and indeed splendidly effective, were not exactly extraordinary, but the kind of art nouveau fairy-tale setting that was seen just as well by his contemporaries, illustrators such as Dulac, Rackham and Robinson. With the costumes, however, he was on his own.

The show is a celebration of practical draughtsmanship at its most spirited and confident: witty and extravagant, yet always appropriate. He worked to serve

a particular production; and yet his drawings do free themselves at last. They come down to us as works of art in their own right, brilliant, gorgeously decorative and powerful images, rare and charming, and erotic by turns. And all the dancers for whom they were made, and their performances, faded away long ago.

Up the stairs, rather overshadowed by Bakst but worth

a close look, is the small show of the work of John Burne, a Scotch Illustrator. His was the Edwardian dream of Chivalry, of the olden days when knights were bold, and there were battles and fair women, the Border Ballads gave him the perfect subject, which he illuminated exquisitely.

Both of these excellent shows move to London later in the month.

Mahler and Stravinsky

by DAVID MURRAY

There was a time when Bluebeard and Oedipus appeared on the same bill at Sadler's Wells, and they used to fight horribly. After Bartok's post-romantic opera, all introspection and August Stravinsky's neo-classical oratorio seemed—depending on the listener—either a stern rebuke, or a mere frigid exercise. Friday night's Prom, I thought, offered an equally recalcitrant pairing: Stravinsky's concentrated, objective *Symphony of Psalms* with Mahler's early and late *Knecht Ruprecht*. The latter, written in the extended original version. (Not quite "original": Parts 2 and 3, unlike the rediscovered Part 1, happily I was wrong. Though Mahler was only 30 when he wrote the *Lied*, this performance by Pierre Boulez and the BBC Symphony brought out above all its remarkably modern—even neo-classical—objectivity.

No doubt the ballad-form of the cantata urged it toward an explicit, entirely un-private manner, but then Mahler chose it deliberately. There are really no half-lights or oblique suggestions, despite the wealth of evocative orchestral effects. The soloists are not identified with the characters of the harrowing tale, but rather narrate it. Janis Martin, Yvonne Mitchell, Stuart Burrows and Marius Rintoul were not only a well-matched quartet here, but a well-chosen one, for they share a fairly cool style of delivery. Boulez might have let them hear more—by he has to share the stage with the large orchestra, of course unlike the singers in the Ring Boulez has just been conducting at Bayreuth, with its covered pit. But he is in perhaps surprising sympathy with Mahler's idiom, the phrasing had an authentic ring, though it wasn't expansive, and the tempi were excellent. There were a few orchestral mishaps,

and the wild treble skirling of the wedding band in the gods got lost somewhere in the acoustic, but the power of the work was unimpaired. One has heard Boulez attack *Das Knecht Ruprecht* with a tighter sense of dramatic progression, none the less. On this occasion his concentration seemed inter- mittent. In his brisk forthright account of the *Symphony of Psalms*, each movement suffered at least one lurch forward in tempo which seemed un- intentional, and was certainly without musical motivation. The BBC Singers and Choral Society sang decently, and loudly—straight through two passages which reason, *non forte*. More grievously, Boulez hardly permitted them any of the rhetorical commas which staid the choral part, but pressed on in strict time, thereby robbing the music not only of an essential deliberate quality, but also of the specifically human sound which is one of its graces. Breathing counted for so much with Stravinsky that he could hardly abide the sound of organs, with their inexhaustible lungs; Boulez seems to consider it a mere technical inefficiency.

Colin Davis cancels Leeds concert

Owing to pressure of work, Colin Davis has had to withdraw from the Leeds Festival concert on October 21. His place will be taken by the German conductor Klaus Tennstedt, widely known in America and on the Continent, whose programme will consist of Beethoven's overture *Coriolanus*, Chalkovsky's violin concerto and Bruckner's 4th symphony.

Colin Davis will still conduct the concert on October 23, when the London Symphony Orchestra and the Leeds Festival Choir will perform Berlioz's *L'enfance du Christ*.

Four productions in Billingham

The Forum Theatre's autumn programme in Billingham comprises four productions, two of which will be British premieres. *Lucy Crown*, adapted by Peter Coe from Irwin Shaw's novel, starts on September 18 with Carroll Baker playing the over-possessive mother and Roy Dotrice as her husband, Saul Radomsky. The scenario, the latest play by Joan Anouilh, opens on November 29, and stars Trevor Howard.



Bakst: Dione, 1912.

The Karl-May-Spiele

by RONALD HOLLOWAY

Karl May is not a name to send Germanists running for their lexicons, but in Germany he is responsible for the most popular of summer festivals. Thousands make an annual pilgrimage to the chalk-white rocks of Bad Segeberg, in Schleswig-Holstein, for the "Karl-May-Spiele": a Cow-boys-and-Indians show that has proved as durable as Bayreuth in its own way. The primary reason is quite understandable: his books for boys on the Wild West and the Orient (over 70 in print) have won, perhaps half of the nation's population into manhood.

Another good reason for visiting the Karl-May-Games is the fresh air and sunshine that go with it. The "Holsteinische Schweiz", named for similar lakes and hills in Switzerland, is one of the loveliest vacation lands in Germany. Its golden fields at harvest time and picturesque lakes dotted with sailing boats are breathtaking in beauty: a fortunate combination of Saxon Country and the Lake District. Between Lubeck and Kiel is a string of small towns—Pion, Preetz, Buth (birthplace of Carl Maria von Weber, which

occasions a music festival in a Schlosspark lined with lindens).

—bathed in a peaceful tradition reaching back to the Middle Ages. Bad Segeberg is also a health resort and provides a prominent view of an expansive lake from the modest heights of the Kalkberg, the limestone formation providing the backdrop for the Karl-May-Spiele.

Karl May (born Karl Hohen- thal in 1824) was the son of a poor Saxon weaver, whose miserable youth parallels that of the shabbily clothed and undertired children haunting performance of Gerhard Hauptmann's *The Weavers*. He was largely self-taught and held a job for a time as a teacher, a position he lost when he was arrested again for stealing. He was arrested again and spent 7½ years in prison.

It was there that he taught himself to write adventure stories. By 1874 he was famous for his fantastically described tales of the Orient and Wild West, for colourful portraits of Indians which in fact he had never seen. The closest Karl May ever came to the Wild West was a trip to America's East Coast, which was probably too close

for comfort. It was all in his physical deeds of valour when the time is ripe. The whole is staged in a Greek-style arena before a reproduction of Hollywood-style studio-set Western town with plenty of space to romp in and convenient racks to hide behind. The rush for front seats is the same as at a circus, and afterwards young- sters can get a close-up peep of real-live Indian squaws bowed in from America for the occasion.

The Karl-May-Spiele has grown to such heights of popularity that a competitor appeared on the scene this year. The town of Elbe in the Saar paid the astronomical price of DM100,000 for the services of French actor Pierre Brice, the Winnetou of film and television fame.

Bad Segeberg responded with more action, and by hiring a "heavy" (Raimund Harnsfort) to sea Wolf (fame) as a crowd-pleaser. Both towns had their eyes on the lucrative television market, and Karl May's harking together with the "heavies" of Adolf Hitler. Bad Segeberg cheats a bit on Karl May in that the author's most beloved figure, Winnetou, doesn't bite the dust as in usual filmed versions: everything else is the same, inclusive of Old Shatterhand, the Creechborns, the baddies, the Saddle Tramps, prompting moral and

Paul Crossley

by DAVID MURRAY

After Paul Crossley's immensely accomplished playing in Berg's *Kammerkonzert* at a recent Prom, his solo recital on Saturday left a sadly mixed impression. He chose pieces by Schumann, Debussy and Liszt, all of them earlyish and none if them extended (Schumann's *Papillons* is only a chain of miniatures): not a programme offering much scope for the musical intelligence that is one of Crossley's chief strengths. His other is a gift for colouring and contrasting piano sonorities; the Debussy gave him plenty of room to display that—as the Liszt group should have done, but there the weightiest of his gifts, his sense of rhythmic inaccuracy, was disastrously into

Patience

by DAVID MURRAY

The English National Opera presented *Patience*, or *Burnthorne's Bride* at the Sunday afternoon Prom. Why? Perhaps for 'G and S aficionados who work permanent night shifts, anybody else can see this engaging production, properly staged, more cheaply at the Coliseum. Enough of the fun lies in the words and in the acting to sur- vive a walk-through in the Albert Hall, but we had to be denied visual coups like the collective male retreat to commonplace dress. The modest size of the audience (very thinly spread in the Promenade Arena) suggested that most of the expected devotees had already made the pilgrimage to St. Martin's Lane.

When the Coliseum first undertook *Patience*, the applicability of the satire to the witling flower-children of the day was widely remarked, but this year's Prommers are no sort of target for it. I had not known until I read Stephen Oliver's excellent programme note that Gilbert had for a time considered his protagonists not as rival aesthetes, but as cler- gical—Blighty V. Low, perhaps. Many lines remain which evoke the other situation ("Your style is much too sanctified, your cut is too canonical"); much of the catalogue of virtues of the Heavy Dragon would serve more pointedly as a caricature of the immaculate Vicar. And *Patience's* own obsession with love as unclean, which seems gratuitous and poetic vapours, makes immediate sense if her contemptuous suitors are clerics. Victorian theatrical mores may have lost us a sharper satire than the Wilde-and-water confection which finally reached the Savoy.

The ENO's account of the opera requires little comment at this late date. Charles Mackerras extracted the maxi- mum of lightness and verve from the score, especially in its most Fiedlermish moments. Derek Hammond-Stroud is still a vir- tuoso Burnthorne, perhaps too heartily polished to be as ear- hearing as he might be. Anne Collins was a magnificent Lady Jane, comically adroit with her cello, and full-voiced too. Sandra Dugdale was the toothsome heroine. There was no weakness among the smaller parts. The Twenty Lovelocks: Maidens actually numbered 22: this may have been a hoary joke, for all I know,

ENTERTAINMENT GUIDE

OPERA AND BALLET	THEATRES	THEATRES	CINEMAS
<p>COLISEUM 01-555 3161. English National Opera. Tonight & Fri. 7.30. Tomorrow, Sat. 7.30. The Coronation of Poppo.</p> <p>COLLEGIATE 367 9625. Until Sept. 14. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p> <p>ROYAL FESTIVAL HALL 022 3191. Fully air conditioned. Last performance. Until Fri. 7.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p> <p>ROYAL OPERA HOUSE 01-555 3161. Fully air conditioned. Last performance. Until Fri. 7.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p> <p>ROYAL OPERA HOUSE 01-555 3161. Fully air conditioned. Last performance. Until Fri. 7.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p>	<p>PORTMAN 01-555 3161. Mon-Fri. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p> <p>GARRICK THEATRE 01-555 3161. Mon-Fri. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p> <p>THEATRE 01-555 3161. Mon-Fri. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p> <p>THEATRE 01-555 3161. Mon-Fri. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p> <p>THEATRE 01-555 3161. Mon-Fri. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p>	<p>THEATRE 01-555 3161. Mon-Fri. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p> <p>THEATRE 01-555 3161. Mon-Fri. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p> <p>THEATRE 01-555 3161. Mon-Fri. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p> <p>THEATRE 01-555 3161. Mon-Fri. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p> <p>THEATRE 01-555 3161. Mon-Fri. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p>	<p>ABC 1 & 2 324 5575. Mon-Fri. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p> <p>ABC 1 & 2 324 5575. Mon-Fri. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p> <p>ABC 1 & 2 324 5575. Mon-Fri. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p> <p>ABC 1 & 2 324 5575. Mon-Fri. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p> <p>ABC 1 & 2 324 5575. Mon-Fri. 8.30. Sat. 8.30. Sun. 2.30. The Coronation of Poppo.</p>

OVERSEAS NEWS



Japanese officials shroud the Foxbat.

Japanese dilemma after MiG emergency landing

By CHARLES SMITH

TOKYO, Sept. 6.

JAPANESE Government officials are at a loss to-night as they try to decide whether to react to the emergency landing of a Soviet MiG fighter, reportedly one of the most advanced and least understood warplanes in the world, piloted by a young lieutenant, made an emergency landing at Hakodate in the early afternoon after running short of fuel. The aircraft, which was seen at a distance with a pilot initially held at gunpoint, was fired in the air, and the pilot was seen to be attempting to land. The MiG was parked at the end of the runway to-night, and a canvas cloth was laid over the fuselage at the request of Japanese officials. Japanese sources have refused to comment on the incident except to say that the pilot will be interviewed in order to determine whether he is genuinely seeking asylum.

The aircraft, however, represents a potential very major prize for Western military intelligence as well as big diplomatic embarrassment for Japan.

Diplomatic sources said in Tokyo to-night that it would be "normal practice" for Japan to return the aircraft to the Soviet Union without attempting to examine it first. However, it is doubtful whether to-day's incident has an exact precedent. In any case Japan has reason to attempt to gain the utmost leverage out of any incident involving Soviet warplanes. Russian aircraft fly dozens of missions every day around Japanese air space, in what appears to be a deliberate attempt at intimidation. Japanese defence sources have become increasingly explicit recently in their expression of annoyance at Soviet air and naval harassment and have hardly afforded simply to return to-day's aircraft meekly to its owners.

Apart from aircraft intrusion, Soviet submarines and electronic equipment fishing vessels now come close into Japanese territorial waters. Apart from its own desire not to miss any advantage which may be extracted from the MiG25 incident, Japan may come under pressure from the U.S. not to pressure up the opportunity of learning something about the aircraft's secrets. All this, however, has to be weighed against the fact that the Soviet Union is a giant neighbour which Japan cannot afford to estrange.

No Nato aircraft can match Foxbat

By Our Foreign Staff

THE RUSSIAN MiG 25 aircraft, now sitting on the tarmac of a northern Japanese airport after having been flown there yesterday by a defecting Russian pilot, may provide the West with valuable intelligence about what a former Secretary of the U.S. Air Force has described as "probably the best interceptor in production in the world to-day."

Even if Japan decides to return the aircraft to the Soviet Union without closely examining it, Western military attaches in Japan could add a lot to the comparatively little that is known about the Soviet Union's most advanced fighter by just watching it taxi and take off.

Codenamed the "Foxbat," the sleek bodied, twin-tailed MiG 25 holds the world speed record for combat aircraft at 1,618 mph set three years ago, and also the world altitude record for aircraft since it climbed to 118,000 ft. In its reconnaissance version, the Foxbat can map and photograph foreign territory at speeds and altitudes which no Nato aircraft—not even the new F-16—can match.

Earlier this year there were reports from Nato headquarters in Brussels that Foxbats had left Nato aircraft standing in reconnaissance flights over Western Europe.

In the hands of Russian pilots, the Foxbat has appeared in the Middle East—first in Egypt where after 1971 its Russian pilots overflew Israeli airspace on reconnaissance missions, and then in Israel pilots helpless to match its speed and height in their U.S. Phantom fighters.

These Foxbats were later withdrawn when President Sadat broke off his close military links with the Kremlin. This year the Russians were reported to have flown a number of Foxbats to Syria, and there are now about 20 of the aircraft there.

Lebanese leaders in Damascus for talks on Syrian peace plan

By ISHAM HIJAZI

BEIRUT, Sept. 6.

A TWO-STAGE Syrian plan for Lebanon and its political future is the subject of the series of talks in Damascus with Lebanese political and religious leaders, according to reliable sources here.

The talks acquired additional importance with the arrival in the Syrian capital to-day of Mr. Pierre Gemayel, the head of Lebanon's largest Christian organisation, the Phalangist Party. Another prominent Christian leader, Mr. Camille Chamoun, is due there on Wednesday. The attitude of Christian leaders will take on the Syrian plan will determine its fate, observers said.

Lebanese Moslem religious leaders have already visited Damascus and the politicians will follow this week. A Palestinian commando group is also expected there soon.

According to reliable sources, the Syrian plan seeks, in the short term, to create peaceful conditions for the installation in power on September 23 of President-elect Elias Sarkis. In the long term, the plan is much more ambitious, they said.

They reported that as a first stage Syria is proposing a "security pact" with Lebanon not only welcomed Syria's military intervention here to deter the Palestinians and left wing, but also want the 20,000 Syrian troops stationed here to stay until the Palestinians go back to their camps under the 1969 "Cairo Agreement."

The Syrians, however, are known to want their military presence to be worked into a formal framework securing the relationship with the new regime of Mr. Sarkis. Hence the proposal for a security pact, the Syrian reported proposal for a "security tier" not only involving the three Arab states but also a Palestine Liberation Organisation willing to co-operate fully with Damascus and Amman.

The PLO, worried about a Syrian tutelage, now says the application of the Cairo Agreement should be in co-operation not with Damascus but with the legal authorities to be established after Mr. Sarkis takes power.

In other action, an appeal by Libyans to discuss Egypt's troop buildup on the Libyan border was dropped from the agenda. Libya said it had dropped its complaint for the sake of Arab unity. Egypt, however, said the Council refused to consider Libya's complaint.

The crisis between Libya and Egypt appeared to be easing, however, helped by conciliatory comments from Libyan Colonel Muammer El Khedaffi. Last week Colonel Khedaffi said he would not carry out his threat to sever diplomatic relations with Egypt.

In an interview published here

which will later be extended to include Jordan, and will eventually be turned into a "confederation" among the three Arab states.

The plan springs from President Hafez Assad's thesis that Lebanon's security is part of Syria's, and that the same applies to Jordan, with which Damascus has established a close relationship which expresses itself in a joint political command headed by the Syrian President and King Hussein.

It is understood that the Lebanese Christian leaders face a dilemma. Since Lebanon gained independence from the French 33 years ago, the Christians have been reserved about Lebanon concluding a bilateral treaty or pact with another Arab state. They have insisted that Lebanon's corporation with other Arab states must be strictly confined to the Arab League.

Another case in point was Lebanon's refusal to join the "Arab common market" because it was stipulated that member states must at the same time adhere to the Arab economic union agreement.

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Prince forms new Government in Kuwait

By ISHAM HIJAZI

BEIRUT, Sept. 6.

CROWN PRINCE Sheikh Jaber al-Ahmed al-Sabah to-day formed a new 18-man Kuwaiti Government eight days after the dissolution of this Gulf State's National Assembly.

Sheikh Jaber made no changes in his team, but added three new men for newly created ministries.

A new Ministry of Planning was created and entrusted to Mr. Mohammed Youssef al-Adani, Kuwait's ambassador to the Lebanon. The Department of Religious Endowments and Islamic Affairs was separated from the Ministry of Justice and entrusted to Mr. Youssef al-Hajji, the president of the Social Reform Society, a Moslem religious organisation which had previously held the post of Under-Secretary of the Ministry of Health.

A member of the Kuwaiti ruling family, Sheikh Salim al-Duwai al-Sabah, was put at the head of the new Ministry of State for Legal and Administrative Affairs. This Ministry was expected to take over the legislative functions of the dissolved Assembly.

The Crown Prince had submitted his previous government's resignation on August 29, saying that the National Assembly had obstructed its legislative programme and abused its freedom.

The Emir then dissolved the Assembly, suspended constitutional provisions limiting the Government's power to rule without the Assembly and gave it wider powers to control the Press.

Sheikh Jaber al-Ahmed has been Prime Minister since 1965. Other members of the ruling family in the Government are the Deputy-Premier and Information Minister, Sheikh Jaber al-Ahmed, the Minister of Interior and Defence, Sheikh Saad al-Abdulla, and the Minister of Labour and Social Affairs, Sheikh Salim al-Sabah.

Sheikh Salim al-Sabah. Reuters

PLO now full Arab League member

By OUR OWN CORRESPONDENT

CAIRO, Sept. 6.

THE PALESTINE Liberation Organisation (PLO) was granted full voting membership in the Arab League to-day, a spokesman announced.

The PLO thus becomes the 21st member of the League. Before to-day's decision, the Palestinians were non-voting members.

At the last Arab summit in Rabat in 1974, the PLO was designated the sole representative of the Palestinian people. To-day's Arab League vote, on a motion sponsored by Egypt, was a further strengthening of the PLO's diplomatic position in the world.

In an interview published here

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India foresees 6% growth

By K. K. SHARMA

NEW DELHI, Sept. 6.

INDIA'S FIFTH Five Year Plan, involved an outlay of Rs.513bn. (about £22bn.), but the revised draft, which has raised this to Rs.600bn. (£27bn.), is a bid to make up for lost time. The original draft was formulated in 1973 but became obsolete almost immediately because the assumptions on which it was based were overtaken by a severe bout of inflation. Since then the Planning Commission has been conducting a "holding operation" through annual plans.

The fifth plan has been finalised when about half its five-year period is over, and the hope is that a major thrust at development will be made in the remaining period, which ends on March 31, 1979.

Although the plan is substantially larger than the jettisoned draft outline, in real terms there is a decline in outlay because of the rise in prices in the first two years of the period. Some projects have been abandoned or phased to spill into the sixth plan period while remaining what is considered to be the core of the plan—schemes on oil, fertilisers, agriculture, irrigation and steel.

However, finalisation of the plan, or the virtual drafting of a new plan, sets at rest fears by sceptics that there is to be a "plan holiday" because of the two-and-a-half year delay in publishing the final draft. This will now include an appraisal of the progress made in the last couple of years and the projections for the sixth plan, for which preparatory work is to begin immediately.

The planning commission feels the stage has been reached for making a concerted bid for development, since not only has relative price stability been reached but foreign exchange reserves and exports are unexpectedly buoyant.

However, black sources contacted in Soweto said they were dubious about a really successful work boycott because many blacks have suffered financially from previous stoppages.

A mildly successful boycott tomorrow would, however, serve to underline that unrest is continuing and could prove embarrassing for Prime Minister John Vorster, who is expected to return from his talks in Zurich with U.S. Secretary of State Dr. Kissinger to-night.

South African police alert as strike threatens

By Stewart Dalby

JOHANNESBURG, Sept. 6.

SOUTH AFRICAN police were on alert to-night amid reports that blacks are planning a nationwide strike or boycott to-morrow. According to police sources, plans have been laid among blacks not only in the militant townships around Johannesburg but also in other areas of the country, for a massive stay away from work.

However, black sources contacted in Soweto said they were dubious about a really successful work boycott because many blacks have suffered financially from previous stoppages.

A mildly successful boycott tomorrow would, however, serve to underline that unrest is continuing and could prove embarrassing for Prime Minister John Vorster, who is expected to return from his talks in Zurich with U.S. Secretary of State Dr. Kissinger to-night.

Australian talk of devaluation

By Stewart Dalby

MELBOURNE, Sept. 6.

IT WILL be very difficult for the Fraser Government to avoid devaluation of the dollar before the new year, former Australian Treasurer Bill Hayden said to-day.

Mr. Hayden, now Shadow Minister of Education and Defence, told Melbourne University students the Australian dollar is over-valued by about 15 per cent. and is exerting strong pressure on the economy.

Reuter.

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Saturday	20.05	Non stop	07.00
Sunday	19.15	Rome	10.40



EUROPEAN NEWS

Violence erupts in Spain over amnesty

By Roger Matthews

MADRID, Sept. 6. A WOMAN was shot by Spanish police yesterday and several other people hurt as pressure began to build up again for a full political amnesty. This is one of the basic demands of the still-legal opposition parties and was repeated at the weekend in Madrid during a summit meeting of left wing and more centrist organisations.

The violence broke out in the northern Basque town of San Sebastian when more than 2,000 people staged an unauthorised demonstration. Riot police moved in to break it up and, according to a statement from the Civil Governor, were attacked by demonstrators.

Four officers were said to have been pursued into a hotel when one of them fired in self-defence hitting a young woman in the leg. The statement claimed that cars were later dragged across streets in an attempt to form barricades and property and police vehicles damaged.

Basque call

Basque political parties have called for widespread demonstrations later this month aimed at securing the release of prisoners who have not benefited from the latest partial political amnesty announced at the end of July.

Prime Minister Adolfo Suarez is meanwhile continuing his series of informal contacts with opposition leaders and over the weekend dined with Sr. Torno Galvan, president of the Popular Socialist Party. The two men discussed a range of political issues and Sr. Torno Galvan was left with the impression that the PM wished to continue the talks. However, unless the opposition parties are willing to make substantial concessions any significant negotiations with the Government would seem almost impossible.

Sr. Martin Villa, the Interior Minister, held further consultations in Barcelona today in an effort to defuse the threat of clashes on Saturday when regional parties have called for a mass demonstration in favour of local autonomy. Earlier this year, Barcelona was the site of two massive demonstrations which riot police were only able to disperse after several hours of tear gas, rubber bullets and baton charges.

Barre begins talks with both sides of industry

BY RUPERT CORNWELL

M. RAYMOND Barre, the new French Prime Minister, today began a week of talks with leaders of both sides of industry that will have a vital bearing on the anti-inflation package due to be finalised on September 22.

His most important visitors will be the Communist-led CGT union this afternoon, followed by the Socialist CFDT on Wednesday and the Patronat employers association the day after. The outcome will determine whether the measures amount to the first steps towards a French social "consensus" or whether they just exacerbate the tension already so evident.

So far no word has leaked out of M. Barre's intention, but union and industry have made their desires plain: both are keen that the package should go considerably beyond purely "technical" tinkering with budgetary and credit policy normal on such occasions.

The Left wing union want the Prime Minister to take an opportunity of attacking the social inequalities that plague France, as well as steps to reduce unemployment, whose total still hovers around 950,000. A wealth tax, frequently aired during the stormy Capital Gains Tax debate this summer, is again being can-

vassed on the left as a quid pro quo for any austerity measures hurting workers.

The Patronat, meanwhile, has its own prescription which puts the emphasis on fresh stimulation for investment—which is expected at best to stagnate in 1976—in return for whatever curbs on industrial prices might be imposed.

In its latest monthly report the organisation makes three proposals which M. Barre will certainly hear on Thursday: "carry back" tax concessions that allow a company to set one year's loss against the previous year's profit, inflation accounting rules, and incentives to help them raise funds more easily on the Bourse.

These involve commission to deduct from taxable profits dividends which are paid on new share issues, as well as a further extension of the *avoir fiscal* tax credit enjoyed by shareholders.

The debate has been given extra spice by the bickering on how to finance aid to drought-hit farmers, put by the Government at Fr.8bn. (\$680m.). M. Barre is adamant that the money should come from a special extra income tax levy on the higher EEC statistics office showed today. AP-DJ reports from Brussels.

French police in Dassault investigation

PARIS, Sept. 6. POLICE said today they are investigating possible links between the disappearance of a senior French aircraft executive who took with him, Fr.8m. (about £1m.) and a major kidnapping in France early this year.

M. Louis de Vathaire, 49, chief accountant of the Dassault aircraft group, is believed to have left Paris for the Swiss border area on July 7 after cashing a cheque for the money drawn on the personal account of company head Marcel Dassault, police said. They added that he was believed to be accompanied by a Right-wing adventurer, Mr. Jean Kay.

The newspaper *France-Soir*, which broke the de Vathaire story, reported today that Kay was seen several times last year with a Right-wing extremist suspected by police of masterminding the kidnapping here of a report company chief for Fr.15m. (£1.5m.) ransom. Reuter

Denmark's ruling party under attack from unions

BY HILARY BARNES

A SERIOUS rift has opened between the Danish TUC and the ruling Social Democratic Party following the economic crisis measures brought in last month by the minority Government. At the party's annual Congress the TUC chairman, Mr. Thomas Nielsen, accused Prime Minister Anker Joergensen of a "panic sell-out" and pursuing anti-Social Democratic policies.

The Congress gave its support to Mr. Joergensen, himself a former trade union leader, who in an angry summing-up described Mr. Nielsen's criticisms as "damned unreasonable." But the next round in the battle between the unions and the party will be fought next spring when new two-year collective wage agreements are due for negotiation, and if today's tough talking by the unions is anything to go by the country can expect to be paralysed by strikes next April.

The unions believe last month's measures interfere with their traditional right to free

COPENHAGEN, Sept. 6.

collective bargaining. The government, backed by the Folketing (Parliament), has told the unions that they have a maximum of 2 per cent to negotiate over, in addition to the automatic consumer price linked wage adjustment. The implied threat is that if the unions try to get more the Government will legislate a wage settlement.

Meanwhile, a Gallup Poll announced on the weekend showed that the Government and the parties supporting last month's measures, which included big increases in indirect taxes, had all lost support. The Social Democrats dropped from 31.7 per cent in the June poll to 29.2 per cent, and the four parties supporting the measures dropped by a total of 6.8 per cent. The Communists, the far-left Socialist Party and the Tax Protest Progress Party all gained support, as well as the leading opposition party, the Liberals, up from 17.9 per cent to 19.6 per cent. The Progress Party went up from 17.4 per cent to 20.5 per cent.

UK signs A-energy agreement

Britain yesterday signed an agreement under which it will become the first nuclear-weapon State to show wide-ranging international checks on its peaceful atomic energy programme, reports Reuter from Vienna.

The three-way agreement was signed here by the International Atomic Energy Agency (IAEA) and representatives of Euratom, the Common Market's Atomic Energy Community, three months after it was approved by the IAEA Board.

Britain's permanent representative to the IAEA, Mr. Duncan Slater, signed the document. IAEA officials said Britain would allow inspectors from the Vienna-based IAEA access to its nuclear plants, subject only to national security restrictions. Most countries without nuclear weapons are obliged to open their doors to IAEA inspections as part of the safeguards provisions of the 1958 Treaty on the non-spread of nuclear weapons, signed by almost all industrialised countries.

Norway lifts Bank Rate

BANK RATE in Norway is being raised from 5 to 6 per cent, effective yesterday, reports Fay Gjerster from Oslo. The move, which is in line with the Government's strategy of tightening credit as the economic recovery gets under way, is chiefly designed to curb the rate of increase in bank lending, by making it more expensive for the banks to borrow short-term from the Bank of Norway.

Irish banks

Banks in the Irish Republic opened their doors to the public for the first time since the official strike nearly two months ago, reports our Dublin correspondent. Although there were some queues, business was reported as not much above normal. It will be some weeks before services are fully back to normal.

Belgian rates

Banque Nationale De Belgique announced yesterday increases in some of its interest rates in what appeared to be another move to bolster the position of the Belgian franc. AP-DJ reports from Brussels. The central bank said rates on short-term one, two and three-month Treasury certificates will be raised to a uniform level of 13 per cent. One-month papers carried a rate of 11 per cent, before. Two-month certificates 11.5 per cent, and three-month 11.5 per cent. While the central bank left the official discount and Lombard rates unchanged, it raised rates for some other advances. All new rates of the central bank are effective immediately.

Makarios coalition deals heavy blow to Clerides

BY DOMINICK J. COYLE

AN EARLY negotiated peace settlement between the two communities in Cyprus, a doubtful prospect at the best of times, must now be a relatively remote possibility following yesterday's Greek-Cypriot general election in which the "long struggle" policies of the President, Archbishop Makarios, were endorsed in a poll which averaged over 80 per cent.

The rather extraordinary "popular front" of Communists (AKEL), extreme Socialists, and the right-of-centre Democratic Front has had a sweeping victory.

The Makarios coalition won 34 of the 35 seats. The only non-alliance candidate to win a seat was independent Mr. Tassos Papadopoulos. Among the alliance parties, the Democratic Front returned 21 deputies, the Communists nine and the Socialists four.

The strategy of the "popular front" of coming together in a joint appeal for a crushing defeat of the anti-Makarios Democratic Rally, led by the former deputy President, Mr. Glafcos Clerides, and dividing its candidates to secure this objective, has been totally successful. The Clerides faction has failed to secure even one seat in the House of Representatives, although the party captured 30 per cent of the popular vote.

The contest was in large measure a personal clash between Archbishop Makarios and Mr. Clerides, rather than a conventional parliamentary election, and in this sense at least the issue remains unresolved.

The "front" supporting the President in his policies towards the Turkish occupation of a part of the island has certainly had a resounding success, but only because the Communist Party chose to throw its support against



President Makarios

the generally pro-Western policies of Mr. Clerides. Discouraging the Communists and the extreme Socialists of Dr. Vassos Lyssarides, the Clerides Democratic Rally, in terms of the popular vote, easily defeated the Democratic Front, representing directly the Makarios forces led by Mr. Spyros Kyprianou, a former Foreign Minister. But given that the "popular front" held together remarkably well in terms of vote transfers, and in view of the winner-take-all electoral system, the Clerides forces have been routed.

In terms of immediate policy, and assuming that pre-election commitments hold good, President Makarios now has a man-

NICOSIA, Sept. 6.

date for his "long struggle" to get the 40,000 Turkish mainland troops out of the 40 per cent of the island which they have controlled since the 1974 invasion. This strategy is less an implicit call for Greek-Cypriots to take up arms against a Turkish Cypriot minority than a plea of gathering support in the United Nations with the US and the EEC and some non-aligned nations for pressure on Turkey for an eventual withdrawal from Cyprus.

Mr. Clerides, however, argues for early settlement talks and the auspices of UN Secretary General Dr. Kurt Waldheim. An attempt to reach a federal solution under which Turkey would draw troops from the territory still now held by the Turkish Cypriots. As for President Makarios, it has now seemingly bedded down with an "unholy" alliance which includes the Communists and the Lyssarides Socialist who are both strongly anti-NATO and opposed to the present Karamanlis Government in Athens.

The Greek Government, while being careful to avoid taking sides in this election, is known to have favoured Mr. Clerides. Whether the anti-Clerides forces will come together now that the elections are over — AKEL, in particular, wants President Makarios to pay an early visit to Moscow to try to get it Russians involved in Cyprus — remains to be seen. But for the moment, the new Parliament will be without any opposition on the key question of "a stand" against the Turks. The reaction of the Turkish Cypriot leadership under Mr. Rauf Denkash is to see in the election results a confirmation of the "hard line and unrealistic stand" of President Makarios.

Turkish Council reviews Aegean dispute

ISTANBUL, Sept. 6.

TURKEY'S national Security Council met in an extraordinary session on Monday to discuss oil prospecting rights disputed with neighbouring Greece in the Aegean.

The Council is an advisory body to the Government and includes President Fahri Koruturk, Premier Suleyman Demirel, and key members of the armed forces and Cabinet.

The meeting was chaired by Koruturk at the War Academy, an announcement said. A brief communiqué at the end of the four-hour session said the meeting was briefed by Turkish Foreign Minister Ihsan Sabri Caglayan on the Aegean crisis and the UN Security

Council resolution on the matter as well as the meetings of the International Court of Justice in the Hague.

Greece took its conflict over the expedition of a Turkish seismic vessel in the Aegean Sea to the UN and the Court after an exchange of protest notes.

The Council resolution urged the two sides to refrain from aggressive actions and recommended direct negotiations to settle the controversy over Continental Shelf privileges.

"Meanwhile," Turkish Foreign Minister Caglayan expressed hope today that a "middle ground" could be found between Turkey and the EEC in forthcoming negotiations.

In a statement broadcast by the Turkish state radio, Mr. Caglayan said serious difficulties exist in Turkey's relationship with the EEC as an associate member. He said failure to eliminate the difficulties could force Turkey to reconsider its role in the EEC. "I personally believe the difficulties are incidental and can be overcome. A middle ground can be found," the Foreign Minister declared.

Turkey has been demanding better preferences for its agricultural exports, increased EEC financial aid, narrowing Turkey's trade deficit in its trade with the Nine and establishing of guidelines and a schedule for the free movement of Turkish workers in the community countries in the next 10 years. Agencies

ELECTIONS IN MALTA

Mintoff's last stand

BY GODFREY GRIMA, IN MALTA

PREMIER Dom Mintoff's constitutional five-year term is now ended, and on September 17 and 18 Malta's 200,000 voters will go to the polls to return a verdict that is bound to be decisive both for Mr. Mintoff, head of the ruling Labour Party, and Dr. George Borj Olivier, leader of the opposition Nationalists.

Fears of a violent election summer have thankfully receded and a welcome, though fragile, calm has descended on the campaign. Politicians, careful not to upset the island's lucrative tourist business, restrict their acrimonious debate to television, radio and newspapers. No street battles engage rival supporters except for a war of posters waged by scores of "Midnight Cowboys," from whom no building seems immune.

Yet obviously this discipline is a disguise for the pent-up anxieties that have for long run high inside the Mintoff and Borj Olivier camps, and if the calm should survive the elections it is doubtful that it will outlive the results.

Mr. Mintoff's socialist regime awaits a conclusive ruling on whether the bold and unorthodox policies of the past five years are agreeable to the majority of the Maltese. One question is whether replacing Malta's traditional ties with Britain by a closer political affinity with Arab countries, China and to some extent Europe, notably Italy, has brought sufficient economic gains to satisfy Malta's needs.

Another is whether the Republican constitution adopted two years ago, and embodying fundamental socialist ideas, was really what the people wanted at the time.

There have been beneficiaries of his Government's hard work, including some 40,000 families now receiving children's allowances, 11,000 old people given decent pensions, thousands given modern Government housing, 8,000 recruits working with volunteer labour organisations who would have otherwise remained jobless, and—although few openly admit it—the business community whose profits judging by official statistics have risen. All these people will have to decide whether to trust Mr. Mintoff with another five years of their lives or hand over the country to a more conservative Nationalist Government.

In deference to pledges being made now, Mr. Mintoff, if re-elected, will continue on his Socialist march, showering welfare benefits on the sick and the needy, while the rest of the country remains deployed on the

building of an economy that must become self-reliant by 1980. This, all along, has been his most difficult task and he has now advanced new theories on who should shoulder the responsibility for providing for Malta's military and economic defence after British bases are closed down in 1979.

Addressing the party's National Executive, Mr. Mintoff has stated that neighbouring Mediterranean States, including Libya, Algeria, Tunisia, Italy and France are being asked to group themselves into an alliance to guarantee the island's defence—probably by making use of the Maltese military facilities without permanently basing any troops here—and to provide regular economic aid.

This cast of mind betrays two significant new developments in Mr. Mintoff's thinking. First a returned Labour Government will clearly not stretch its beliefs in neutrality to a point where the island would remain totally defenceless. Second, it seems patently clear now that Lord Balogh and Mr. Paul Streeton, Mr. Mintoff's original economic advisers, were correct in warning way back in 1973 that Malta could not build an economy by 1979 capable of doing away with an annual revenue of £430m. from the British military presence in the island.

Mr. Mintoff's idea is apparently aimed at promoting a pact between NATO member-countries and North African Arab States. But he has yet to prove that the differing military and economic commitments of each of these countries will not make the proposal unfeasible.



Mr. Dom Mintoff

Recently basing any troops here—and to provide regular economic aid.

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A defeat at the polls may face the Labour Party for the first time without Mr. Mintoff, a point that is already appreciated by a number of Cabinet Ministers now jockeying for position. For the Nationalist Party, elections are also a crucial test. Defeat is certain to push it away from the central position it occupies in the Maltese political arena. If they win, the Nationalists will try to create Government immune from the impotence of Labour unions as an aggressive Labour Opposition will want to inflict on it. Judging by their past performance they must call for considerable determination and an end to internal squabbling that still simmers under the surface.

Despite their strength in an and of Parliament, the Nationalists have failed to stop Mr. Mintoff from taking over one of the largest houses in the slaughterhouse since 1971. The mutual defence pact with Britain signed at independence was turned into a bases rent agreement with the Opposition as knowing what stood at stake whether against Mr. Mintoff which would have been a pre-British move, or in his support. Yet two years ago the majority of Nationalist MPs did give Mr. Mintoff their backing when a new Constitution was brought into force, institutionalising principles to which traditional Nationalist thinking is fundamentally opposed.

The Nationalist answer to such criticism is that principle had to be sacrificed to avoid the possibility of the Government involving emergency powers that would have delayed the 1971 elections. Now that the battle has started, they add, no chance are being taken, which explains why the party manifesto contains a cornucopia of enticements to pull in the vote and eradicate social imbalances claimed to have been created by the Labour Government.

A defeat would face the Nationalists, too, with leadership problems. It is doubtful if Dr. Borj Olivier at 65 would be the ideal man to head the party back from the political limbo it may face after September, nor may he want to try. Both veteran leaders appear to command equal numerical support and few dare pick the likely winner. Mr. Mintoff's ability to maintain a strong Government in the face of unprecedented economic problems, his negotiating abilities and the innovative antidotes applied to local problems may have translated itself into new votes. Labour and the Nationalist dissenters flocking to the Nationalist camp.

Bowater

Interim results

The unaudited consolidated results of the Bowater Corporation for the six months ended 30th June 1976 are:

		Six months to 30th June	
Year to 31.12.75		1976	1975
£m		£m	£m
52.9	Profit before taxation	31.5	25.8
30.9	Taxation	18.6	15.1
22.0	Profit after taxation	12.9	10.7
4.3	Minority interests	2.2	1.9
17.7	Profit attributable to members of the Corporation	10.7	8.8
.3	Preference dividend	.2	.2
17.4	Profit attributable to ordinary shareholders	10.5	8.6
15.3p	Earnings per ordinary share	8.5p	8.1p

Extraordinary Items

Profit attributable to ordinary shareholders is arrived at before charging extraordinary losses of £1.5 million relating to the disposal of Belgian interests and £0.6 million which will result from the sale of the Omaha stockyard. The increase in reserves arising from exchange movements during the half-year amounted to £15.4 million.

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Income earned in the United Kingdom in the half-year is in excess of the amount required to cover advance corporation tax on the interim dividend.

Dividend

An interim dividend of 2.8p per £1 ordinary share (1975 2.5p per share), absorbing £3.5 million, will be paid on 5th November 1976 to shareholders of record on 29th September 1976. With the associated tax credit this dividend is equivalent to 4.3p per share.

Outlook

In his statement, the Chairman, Lord Erroll of Hale, says "Looking to the future, I am pleased to be able to repeat my earlier expressed view that demand for our products will continue to improve and that it is to the second half of the year that we look to see the main effect in our results."

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مكازم الاصل

HOME NEWS

U.K. must be in aircraft markets, says Kaufman

BY MICHAEL DONNE

MR. GERALD KAUFMAN, Minister of State, Industry, made it clear yesterday that he was determined to maintain a significant civil aircraft manufacturing capability in the U.K. His forthright remarks, following a meeting with the U.S. aircraft manufacturers, would be undertaken with this in mind.

"We have got to be in the civil markets for the future. This means that we must be in on new projects. This in turn means collaboration."

"I believe that sensible collaboration is collaboration with both the Europeans and the Americans," he said at the Farnborough International Air Show, before leaving on a visit to Korea and Japan—where he will be studying the steel and shipbuilding industries—and the U.S.

His aim was to see what the U.S. companies, Boeing, Lockheed and McDonnell Douglas, had to offer "so that when I come to make decisions I shall know what the latest thinking is."

No aircraft company in the world was so big and powerful that it could afford to develop the next generation of civil aircraft alone and still remain profitable. "We consider that all the collaborative options are open."

Mr. Kaufman saw future civil development falling into three categories: a short-haul feederliner like the HS-146; a 180- to 250-seater of the French Mercure 200 and Boeing 737 type; and a 200-plus seater which could be either a derivative of the existing European Airbus or the proposed Boeing 747 type.

There was no reason why the U.K. could not collaborate with both Europe and the U.S. on one or other of these programmes. "We now have to assess all the options open to us according to three criteria — the cost of undertaking them, the amount of

work they will provide—including the prospects for genuine international collaboration—and the size of the markets."

Where possible, any collaboration whether with Europe or the U.S., should ensure a proportion of design and development work, and provided this could be obtained on some ventures, he would not necessarily rule out subcontracting on others.

The Minister's comments must be judged in the light of statements made at Farnborough earlier in the day by Boeing, the world's biggest jet airline builder. Boeing made it clear that it was not touting for partners for its future 747 and 767 programmes.

Mr. Dean Thornton, vice-president of International Programmes of the Boeing Commercial Airplane Company, said that it would insist on retaining control of any collaborative programme, and would be looking primarily for both "money and markets" from any prospective partners.

Boeing was not interested in collaboration to satisfy political motives or just to provide jobs for other countries' aircraft industries.

The company was big enough to undertake both the 747 and 767 programmes alone "but not simultaneously."

"At the same time, we have no room for error. In starting these programmes we would be effecting the risk of the whole net worth of Boeing—about \$1bn.—so we have to be sure that what we do and who we do it with, is right."

On the 747, Boeing already had a commitment for a 20 per cent. partnership with Aeritalia of Italy, and was also discussing a similar arrangement with Japan.

Panavia seeking export outlets for Tornado

WITH THE production order for 800 Tornado multi-role combat aircraft now signed, Panavia and Turbo-Union, the international groups working on the aircraft and engine respectively, are actively seeking export markets for the aircraft.

Professor Gero Madelung, managing director of Panavia, said at the Farnborough Air Show that discussions were in progress with countries that were not "politically sensitive" so far as Europe was concerned (although he did not identify them). He hoped that some orders might emerge soon.

The Panavia group—which includes the British Aircraft Corporation, Messerschmitt-Bölkow-Blom and Aeritalia—was studying other designs of military aircraft.

It was intended to use Panavia as "the solid management foundation on which we can establish other European collaborative military aircraft programmes."

In all, the Tornado programme will cost more than £4bn. at about \$5m. an aircraft at last year's prices and it will effectively employ about 70,000 people over the next 10 years on both sides of the Channel.

Japanese unit trusts do well

BY ERIC SHORT

U.S. ORIENTED funds still dominate the unit trust market in performance terms, according to figures published yesterday by the magazine *Planned Savings*, but the funds invested in Japan now occupying some of the leading places in the performance tables for the first eight months of the year.

The top fund is still the M and G American, a position it has occupied all year, with a rise of 31 per cent. over the period—double that of the Dow Jones average.

The U.K. equity market as measured by the Financial Times Industrial Ordinary Share Index is showing a 4 per cent. fall so far this year.

M and G American has achieved its success by investing in second-line stocks rather than in the well-known blue chip shares, while still keeping to companies that are large by international standards.

This policy has enabled the unit price to hold its gains of the first three months over a period when the American market has slipped back. The managers feel that the U.S. market will move ahead again soon, perhaps even before the Presidential election is over.

The improvement in Japan oriented funds reflects the improvement in the Tokyo market, which stands at its highest point since before the oil crisis in 1973-74.

The Tokyo New SE Index has increased by 9 per cent. over the year, but Henderson Far Eastern fund, now the second best performer this year, has a rise of 27 per cent. The managers have concentrated on export-related companies such as Pioneer Electronic and Toyota Motor, which are showing some very good rises.

Ironically, perhaps, the best performer among U.K. funds is not an equity fund, but one based on fixed-interest preference shares. The Target Preference is showing a rise of 14.7 per cent. compared with a 4 per cent. fall in the equity market, its performance reflecting, in part, the high level of income being reinvested.

The worst performers remain the two Slater Walker mining shares, SW Gold and General and SW Minerals, with falls of 42.5 per cent. and 24 per cent. respectively.

The Japanese funds are also showing a good long-term performance, occupying leading positions over one and two years. The recovery in the American market has not yet made up for lost ground in the long-term.

The high income U.K. funds—those in which the primary investment aim has been income rather than capital appreciation—are still showing an above average performance over the two year period.

TOP PERFORMING UNIT TRUSTS

(Offer-to-offer basis with net income reinvested)			
8 months	Gain %	1 year	Gain %
M & G American	30.8	Henderson Far Eastern	52.4
Henderson Far Eastern	27.6	GT Japan & General	45.4
M & G Japan	26.6	M & G Japan	44.2
GT Japan & General	22.7	Perpetual Group Growth	42.4
A-Hamro Secs. of Amer.	21.3	Gartmore High Income	38.4
Hill Samuel Dollars	19.6	Grievance Endeavour	36.3
Slater Walker M. Amer.	19.4	Gt. Winchester O'ceas	35.4
Stewart American Fund	18.6	Framlington Income	34.9
Lawson American	18.5	Discretionary	34.2
S & P Japan Growth	18.0	Bisloppate Intl.	33.1
FT-Actuaries All Share	-6.6	FT-Actuaries All Share	6.1

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BRITISH ASSOCIATION CONFERENCE IN LANCASTER

Accounting method aids technology

BY DAVID FISHLOCK, SCIENCE EDITOR

AN ACCOUNTING policy called "replacement value accounting," pioneered by Philips, the Dutch electrical group, had played a vital part in rejuvenating technology, particularly in manufacturing, Dr. Peter Trier, a director of Philips Industries, told the British Association at the University of Lancaster yesterday, in a paper discussing the company's contribution to high technology.

Technical management, if forced to cover revalued assets in its production costs, and even to pay excess depreciation when necessary, took a "less sentimental view of the virtues of old machinery," said Dr. Trier.

"This is important in the psychological process of accepting the need for scrapping obsolete machines."

Long before recent rapid inflation had led to general recognition of the importance of revaluation, Philips had revalued its assets annually on the basis of what they would cost to replace.

For example, if the cost of a new lathe increased by 20 per cent., then the old lathe was revalued in the accounts at the price that would be paid to replace it, and the amount set aside to do this—the depreciation—was increased accordingly.

The traditional way of depreciating led to insufficient cash being available when replacement was necessary and had a "rather undesirable effect" on technical management.

It led them to conclude that it was better to keep old, fully depreciated machinery. "But if one wants to keep abreast of technological change, one must be able to invest in new machinery at current prices."

The decision to use replacement value accounting was not easy. It made company profits look worse—an important factor when new funds had to be raised.

To ensure continuing innovation in an industry where products quickly become out-of-date, every department—marketing, manufacturing, development, research and financing—had to be motivated towards innovation.

Within Philips, each department had always enjoyed considerable autonomy—research especially—but freedom also implied "a conscious study of market factors, technological capabilities and scientific limitations at all times," as well as close links between different functions and real sense of joint responsibility for product policy.

In spite of the fact that in recent years many had been prepared to raise their voices and identify science as one of the major causes of our ills, deep-seated belief in the potency of science, and in the delight which the knowledge it provided could bring, continued unabated, said Dr. Magnus Pyke, secretary-general of the British Association.

In a lecture to Section X on finding a new identity for science, Dr. Pyke discussed the emergence of Mr. Ralph Nader, the U.S. lawyer, and how his campaign against the car had grown into a general attack on every product of science-based technology.

In fact, this "safety syndrome" heralded a strengthening of the quasi-religious faith in science. Throughout history, everyone who had thought about it was aware that every human activity carried some measure of danger.

Mr. Nader's approach was that malococcus danielii, almost a weed, the berries of which contained thiamin, believed to be the sweetest substance known. The sweetness of proteins was a different sort of sweetness—one which could offer "an exciting opportunity to increase the diversity of our gustatory experience," or which could be rejected by "consumer conservatism."

More generous unemployment benefits had led to a distinct rise in Britain's underlying jobless rate in the past 25 years, an economist told the meeting, adding that he was not arguing that this meant that people were getting lazier, preferring unemployment benefit to work.

Rather, said Dr. James Taylor, a senior lecturer in economics at Lancaster University, workers were searching more carefully for a job than in the past. In a paper in the economics section, more carefully, Dr. Taylor said, he said that beneath the short-term fluctuations in unemployment there had also been a steady drift upwards in this rate during the 1950s and 1960s had been followed by a shift to a higher level in 1966 and 1967, when Earnings-related Supplementary Benefits were introduced.

The rise in unemployment benefits over the years, relative to earnings, meant that workers could afford to spend longer looking for their next job.

"The increase in unemployment benefit relative to average earnings has permitted the unemployed to search the market more carefully," Dr. Taylor said. "Job snatching has been deliberately discouraged."

There was something in the inevitability of fate determining the history of technological mankind, suggested Mr. Cesar Marchetti of the International Institute of Applied Systems Analysis of Laxenburg, Austria.

Mr. Marchetti gave the results of studies showing that long-term trends follow definite laws, and that what appeared to be important human decisions do little more than confirm these trends or slightly perturb them.

He showed how, using data going back to the early 1930s, a curve could be computed predicting how the U.S. energy market would divide between oil and coal up to 1970 with a precision better than 1 per cent.

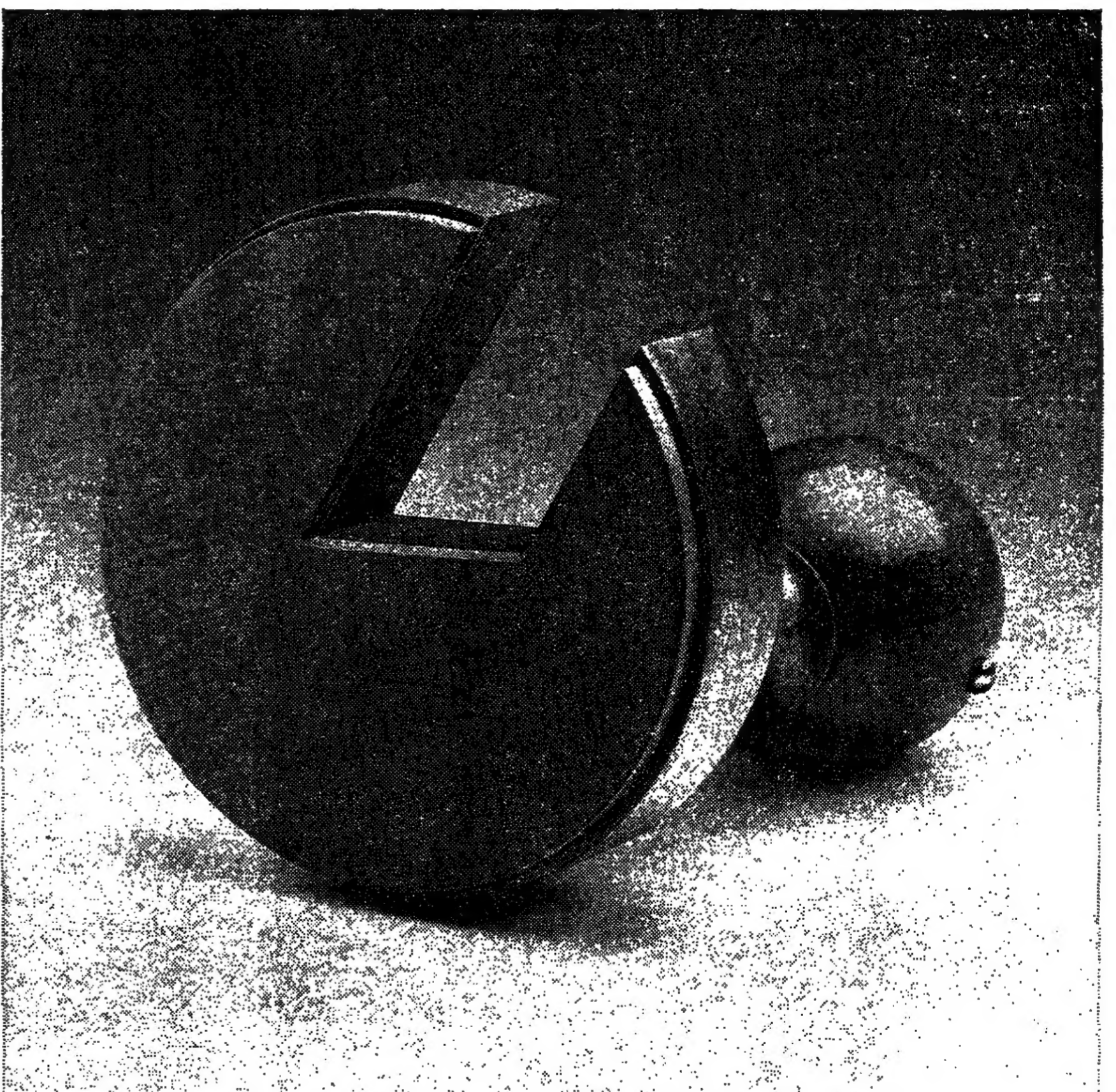
This power of causes hidden in the deep past to give long-term predictability, suggested Mr. Marchetti, made it harder to believe in any kind of prediction based on short-term actions or effects. According to his findings, the real cause of the sharp increase in oil prices lay in "the activity of obscure oil men in wild Texas at the turn of the century."

The utility of his methods, claimed Mr. Marchetti, was that deterministic patterns could help sort realistic strategies from wishful planning. For example, even if a coal revival were launched, nuclear energy would still provide more than 50 per cent. of primary energy in the year 2050.

Hard decision

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TUC BRIGHTON '76

Jobless the vital issue

BY ALAN PIKE

UNEMPLOYMENT will be the issue dominating the 108th Trade Union Congress which opened in Brighton yesterday. Mr. Cyril Plant, the president, set the scene in his opening address with a warning that there was a "limit to the loyalty" which the Government can expect from the trade union movement with unemployment rising at its present rate.

The main unemployment debate will come to-morrow when a right-to-work march from London is due to arrive.

After the opening address, much of yesterday's proceedings were devoted to organisational trade union issues. The concern of white-collar unions, led by Mr. Clive Jenkins, of the Association of Scientific, Technical and Managerial Staffs, that non TUC affiliated company unions and staff associations are receiving certificates of independence was forcefully expressed.

Congress demanded an amendment in the law to deny such organisations

bargaining rights in areas where TUC unions are established.

Another subject for concern was the declining number of young people attracted to engineering in recent years and Congress demanded the establishment of a Government committee of inquiry to examine the position of qualified engineers in industry.

A move to abolish the two seats on the TUC General Council which are automatically allocated to women was defeated.

Sacrifice must not be in vain, warns Plant

BY ALAN PIKE

UNEMPLOYMENT was immediately established as the keynote of this year's Congress, with a warning by the president, Mr. Cyril Plant, in his opening address, that there is a limit to the trade union movement's loyalty to the Government.

"No Congress since the war has not under such a crisis of unemployment," declared Mr. Plant, in the first words of his speech. The trade union movement, he said, appreciated the "dilemma" facing the Government because a consumer-led boom would cause escalating inflation. But the sacrifices which had been made must not be in vain.

There was a limit to the loyalty which this or any Government could expect from the trade union movement with unemployment rising at its present rate. "In the last twelve months, the TUC and the entire movement has proved its loyalty not only to the Government but to the nation. But we cannot stand by and tolerate these levels of unemployment."

At the same time, said Mr. Plant, the present economic climate was not something which could be cured overnight, and certainly not something from which Socialists and trade unionists could opt out.

"We have played a more active part in the last twelve months in helping beat the enemy of inflation than any other organisation outside the Government, and we cannot now

turn our back on that role because the going is rough and tough. There were some cynics who saw the social contract as a trick, concerned only with wage restraint, but they were wrong.

He repeated the TUC's list of demands for tackling unemployment—controls on imports and the outflow of capital, and more meaningful approach to job creation with more schemes for promoting new employment.

Mr. Plant then turned to an aspect which is increasingly being taken up by TUC leaders. All these measures, he admitted, would not solve the problem because the present unemployment crisis was different from the position before the war. "In some ways, it could be termed technological unemployment, and that means we are now able to produce most of the things we want with fewer people."

This must lead to a greater understanding of using leisure. It was not enough to talk about the shorter working week and the shorter working life must be considered.

Mr. Plant went on to warn that the social problems arising from unemployment must not be exploited to create racial friction. Racial equality was in the interests of all union members.

"Unemployment is not caused by immigrants, and it is unfair to make scapegoats of innocent people," he said.

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Pressure to amend new job legislation

By David Churchill

THE PROBLEMS arising from new employment legislation was spelled out by Mr. Harry Urwin, deputy general secretary of the Transport and General Workers Union, when he reported on the work of the TUC employment policy and organisation committee.

In particular, Mr. Urwin drew attention to the three months' time limit for complaints of unfair dismissal. "If a member is wrongly advised by his union and does not proceed with his claim within the time limit, the member loses his right to sue against his employer," he said.

This was because the union was considered a legal expert under the Employment Protection Act whereas other advisers, such as the Department of Employment, were not.

Mr. Urwin described this situation as wrong and revealed that the general council had asked the Government to amend the legislation.

Loopholes which enabled small, non TUC-affiliated unions to be granted certificates of independence without too much difficulty were an example, "of the way that the unions may experience the problems of adverse decisions if the movement becomes dependent on legal bodies to determine issues rather than relying on our capacity to build up a strong voluntary trade union organisation."

Further talks were expected with Government Ministers to improve the certification machinery, he said.

On other employment issues, Mr. Urwin told delegates how the TUC had pressed the Government to do more for school-leavers and other young people to provide training for a career in industry. "But we still regard training facilities as woefully inadequate compared to, say, Sweden," he declared.

The TUC members on the Manpower Services Commission will not be satisfied until every school-leaver has the opportunity for adequate training or further education.

Mr. Urwin also said that the General Council supported the Government scheme to enable older workers close to retirement to leave employment early and so release jobs for younger unemployed people. "But there are substantial difficulties about the operation of such a scheme and discussions with the Department of Employment are proceeding."

Gold badge awards

AWARDS FOR outstanding contributions to trade unionism at local, district and national level were made yesterday by the Congress. The men's gold badge award went to Mr. D. McGibbon, of the Union of Shop, Distributive and Allied Workers, and the women's gold badge was presented to Mrs. B. Switzer, of the Technical and Supervisory Section of the Amalgamated Union of Engineering Workers.

The Congress award for youth, given to the outstanding union member under the age of 25, went to 22-year-old Mr. David Luxton of the Civil and Public Services Association.

Inquiry into shortage of engineers urged

BY ALAN PIKE

THE TUC is to urge the Government to set up a committee of inquiry to investigate the role, function and use of qualified engineers in British industry.

Congress endorsed a motion from the Electrical Power Engineers Association demanding an inquiry into the shortage of engineers partly reflected the secondary importance which was attached to manufacturing industry in this country.

"The fact of the matter is we need production workers—people who get their hands dirty—and we need professional engineers," there was no GCE "O" level in engineering. Technology was still a second best subject and engineering courses at university were still seen as too theoretical,

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Mr. Harry Urwin and Mr. Hugh Scanlon confer, and Mr. Len Murray addresses delegates on the opening day of Congress.

Call for improved links with General Council

BY DAVID CHURCHILL

DELEGATES overwhelmingly accepted a motion calling on the general council, devoted even to introducing proposals for more effective consultation with unions which have no general council members.

Mr. Brian Stanley, general secretary of the 124,000-member Post Office Engineering Union, proposing the motion, said it was regrettable that the report and recommendation of the working party reviewing TUC structure should be delayed for another year.

It was vital, he said, that there should be better consultation in the coming year over decisions taken by the General Council and the bulk of affiliated unions because of the need to discuss the next stage, if any, of pay policy and the general economic

situation. The first his union had known as the 4½ per cent pay policy was when he read about it in the Press.

Mr. Stanley pointed out that only about 25 per cent of

more special conferences or meetings of all general secretaries at Congress House. In addition, he wanted the minutes of General Council meetings to be circulated to all general secretaries.

The motion was seconded by Mr. Simon Fitch, assistant general secretary of the small but powerful Electrical Power Engineers Association.

Mr. Fitch said that although making the TUC more democratic would cost more, it was interesting to note from the TUC's annual report and accounts that more money was spent on affiliation to overseas bodies than on Congress House administration. He also felt that more information could be circulated to affiliated unions for discussion.

He was seeking immediate, short-term changes to be introduced by the General Council in advance of the working party's report. These should include

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Insult to women, says NUJ president

By Alan Pike

THE TUC, which this week announced that female membership has risen above 3m for the first time, came under attack at Congress for the way in which women are represented on the general council.

A motion from the National Union of Journalists proposed that the two seats which the general council specifically reserves for women—and the only two at present occupied by them—should be abolished. The NUJ motion appreciated that the proposal might lead to there being no women on the council but believed trade unionists should be elected as trade unionists and not as men or women.

Miss Rosalind Kelly, NUJ president, moving, said the two present women on the general council, Mrs. Marie Patterson and Miss Audrey Prime, were excellent trade unionists but it was an insult that they were not on the council on the same basis as its other members.

The motion was overwhelmingly defeated after other speakers had stressed the need for continuing a measure of special treatment for women. Mr. Len Murray, general secretary, said the general council was not anxious to extend the principle of seats specifically for women but there was a need for positive discrimination in their favour at present in view of the historical background of their position in society.

Another motion from the Civil Service Union calling for a change of rule to ensure women general council representation on the basis of one seat per million women members was remitted to the council after an appeal from Mr. Murray.

Conspiracy law probe demand

MR. GEORGE SMITH, general secretary of the Union of Construction, Allied Trades and Technicians, called for a Government inquiry into the case of Mr. Des Warren, the trade unionist who served a prison sentence for unlawful picketing. This follows claims that the Home Secretary has failed satisfactorily to reply to the General Council's complaint about the conspiracy laws under which Mr. Warren was charged.

Call for stiffer law on violence

A BITTER condemnation of violent attacks on all employees in the public and private sectors, especially transport workers and publicans, was given overwhelmingly by Congress. Delegates agreed to press for greater penalties for convicted attackers and a legal ban on their admission to public houses.

Jenkins voices fears on spread of non-affiliated unions

BY ALAN PIKE

THE EXTENT of TUC concern about the issuing of certificates of independence under the Employment Protection Act to non-affiliated trade unions became clear at Congress yesterday.

Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, described the certification officer as a civil servant who had shown "a lack of worldliness, absence of sensitivity and a certain incompetence of function."

The officer is responsible for determining whether unions are genuinely independent of employers in financial and other ways and qualify for a certificate which can improve their bargaining position.

TUC unions, particularly in

the white collar sector, are anxious that non-affiliated staff associations with which they compete for members are receiving certificates.

Congress called upon the General Council to "examine the role of the certification officer and seek such amendments in practice and the law as are necessary to ensure that non-independent or competitive organisations shall be denied a negotiating role."

Mr. Jenkins, moving the motion, said the trade union movement had sought the legislation establishing certification but it was being "used against us." Bogus bodies were presenting a temporary legal challenge to TUC affiliates and there must be amending legislation.

Mr. Left Mills, general secretary of the National Union of

Bank Employees, said it had become clear that existing company unions would get certificates and a whole range of new ones were likely to be encouraged by employers to come into existence. "The law should not positively aggravate a situation as it is at the moment."

He suggested that certificates should be granted not by a single official but by an independent body like the Advisory Conciliation and Arbitration Service and the test should be whether an organisation could exist at all without recognition from an employer.

For the General Council, Mr. Harry Urwin said that Mr. Albert Booth, Employment Secretary, had indicated his willingness to take action but the problem would not be easy to solve.



Miss Audrey Prime (left) and Mrs. Marie Patterson, praised for their General Council work on a day when the TUC's approach to women's representation came under attack.

OTHER LABOUR NEWS
Striking tanker men blockade refineries over cab spy row

BY IAN HARGREAVES, LABOUR STAFF

OIL REFINERIES at Ellesmere Port, Cheshire, were blocked yesterday as 1,000 tanker drivers started a 48-hour strike over the tachograph or "spy in the cab" issue.

The drivers are demanding the removal of tachographs from any tankers where they are fitted, even though the devices are not in use.

Opposition to the tachograph is almost universal among lorry drivers, and Mr. Jack Jones, general secretary of the Transport and General Workers' Union is on record as opposing its introduction "in any circumstances."

The Ellesmere Port tanker men, whose stoppage is unofficial, fear that if tachographs (even inoperative ones) are allowed to stay in cabs, it will be easier for the Government to accede to an EEC directive that all lorries carrying dangerous loads should be fitted with the recording instruments.

It is estimated that about one in six tankers at the Ellesmere Port refineries of Gulf, Mobil and Petrofina contain tachographs.

They were installed by the oil companies last year when it appeared that Britain would comply with the EEC legislation. Since then, the Government has avoided the wrath of the transport unions and ignored the EEC directive. The companies have stopped installing the devices but have been reluctant to spend money on removing existing equipment.

The question of weighting allied to increased travelling costs will make many worse off, the staff claims.

People at the records office are represented by four unions and notices have been posted advising users of the service that the search room is not likely to operate to-morrow, although it is not expected that the strike will gain the support of all employees.

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Hospital dispute goes on

A STRIKE now four weeks old which is forcing patients at Belfast City Hospital to eat emergency provisions is to continue. Only milk and bread are being allowed through the picket lines.

The strike by storemen demanding a 57-a-week incentive bonus, which the Government says is outside the pay code, has been backed by porters and drivers at the hospital.

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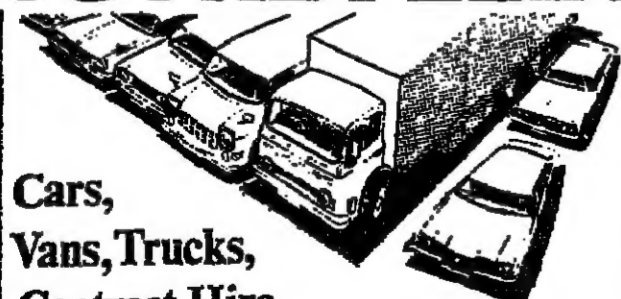
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HOME NEWS

Finance system 'basically sound'

By Michael Sclander

THE SHORT-TERM problems of industrial finance which arose in 1974-75 should be regarded as exceptional and not used as the basis for a reform of the financial system, Mr. J. Campbell Fraser, managing director of Dunlop Holdings, said yesterday. In a paper presented at the Institute of Bankers' Cambridge seminar, Mr. Fraser suggested that the shortage of liquidity which hit industry in that period was abnormal.

The structure, however, was still basically sound and in seeking reforms "we must be careful to avoid any course of action which would be detrimental to its many good points."

While growth in industry could be restricted if funds were not available, "provision of adequate finance for industry at rates which it finds acceptable, whether in the form of equity, bank borrowing or retained profits, will not in itself generate a higher growth rate in the economy."

Discussing the seminar's basic theme of "The Banks and Industry," Mr. Fraser said that British industry could make better use of the finance it already had available, since the productivity of capital appeared to be lower than in the U.K.'s main competitors.

The greatest scope for improvement lay in the position of profits, both in raising the return earned on investment and reducing the tax burden.

The banking system "should attempt to increase the amount of medium- and long-term funds which it supplies to industry only if this can be done without jeopardising its ability to provide short-term funds, particularly in times of crisis."

Sir Kenneth leaves £42,000

SIR KENNETH YOUNGER, who headed the Government's Committee on Privacy which produced its report in 1972, left £44,320 gross (£42,825 net) in his will published to-day. Sir Kenneth, of Clareville Grove, London, who died in May aged 67, was formerly a Labour Minister, director of the Royal Institute of International Affairs from 1959-71, and chairman of the Howard League for Penal Reform from 1960-73.

CBI criticises bit by bit move towards company law reform

BY MICHAEL LAFFERTY, CITY STAFF

THE CONFEDERATION of law going on in the DoT which Ministers have said is in hand, an investigation would be under way into the desirability and possibilities of there being... critical of official approaches to company law reform, which it describes as "fragmented, piecemeal, and unco-ordinated."

A paper prepared by the CBI secretariat, and submitted to the Department of Trade last Friday, questions whether the need to create a statutory requirement for the disclosure of more information "is as invariably necessary or desirable as the department seems to think."

It says statements about a wide-ranging Government review of the whole field of company law "lack credibility," and calls for "a clear, outward and visible sign that such a review is taking place."

The best indications of this would be the publication of a full discussion document and the appointment of "a good departmental committee to examine company law, and unburdened, that document."

"If there were in reality the wide-ranging review of company

law going on in the DoT which Ministers have said is in hand, an investigation would be under way into the desirability and possibilities of there being...

Other audiences, including analysts, advisers, a company's competitors and the public, have a right to ask for information, "but they have no general right to expect it to be provided and it would be wrong for company law to impose a duty upon companies to provide it."

The CBI feels that trade unions are not an appropriate audience for the type of company reports under consideration. "Satisfying their interest is primarily a matter for industrial relations," it says.

The CBI already said it believes there are "for most practical purposes, only two main groups of users" of the information contained in company reports—shareholders and employees—but in its paper to the department it says other audiences for the receipt of company information include creditors, suppliers, customers, local authorities and the Government.

"These, together with shareholders and employees, are the only audiences which appear to have any valid right to be in-

formed generally by a company about what it is doing and how it is behaving," the CBI paper declares.

The concept of an employment report is welcome, but to make the preparation of it a statutory requirement is considered unnecessary.

The CBI also accepts that there is value in publishing the proposed particulars of transactions in foreign currency and of money exchanges with the Government.

"Those who compile company reports could also be well advised to include deliberately information which would assist the company in counter-attacking the critics and detractors of itself and of private enterprise generally."

Many beside shareholders would be interested to know, for instance, how much a company pays in rates to local authorities as well as what it pays in direct taxes and in National Insurance contributions and in levies under the Industrial Training Act.

No reference is made to the possibility of companies disclosing the impact of Government subsidies—a point on which the CBI admitted yesterday that it was "On reflection, a little bit one-sided."

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Suit imports threatened U.K. textiles, says judge

AN INTERNATIONAL scheme to import cheap clothing from behind the Iron Curtain threatened the U.K. textile industry, Judge Abela told the Old Bailey yesterday.

He ordered seven businessmen to pay a total of £140,000 in fines and costs for their part in the illegal importing of men's wear from Romania.

The businessmen operated with a middle-man in Vienna and contacts in Romania where the garments were manufactured. Mr. Alastair Hill, prosecuting, said that in an 18-month period menswear worth £2m. arrived in Britain with the result that "multiple retailers and practically every well-known firm of high street tailors were selling suits from Romanian factories."

Judge Abela said that the gravity of the offences lay in "undermining the economy of the country when the British textile industry was in a depressed state," and in affecting "employment in this industry."

Stores selling the suits included Burton's, Wilberby's, John Temple, Alexandre, Lord John, Harry Fenton and C. & A. The clothing was described as having come from Austria, and was allowed into the country under a free-trade agreement, "in less than three years, the Romanian garment industry grew out of all recognition."

The seven businessmen and three companies pleaded guilty to various offences of being concerned in the evasion of restrictions under the Import of Goods Control Order, 1954.

Mr. Hill said that the clothing was imported legally at first, until the import quota allowed by Britain to protect home industry was used up. Then the "main spring" of the London network, Gerald Greenfield, aged 57, a managing director, was invited to Bucharest by Romanian authorities.

There he was introduced to a businessman called Klein who enabled Romanian men's wear to evade British trade restrictions against Eastern European countries by disguising it as Austrian.

Romanian clothing was sent to warehouses of Klein's in Austria, stripped of all Romanian markings and labelled as Austrian.

Fake travel and export documents were provided and the clothing was sent to Dover and Harwich ports, described as being imported by a British company, and distributed to a network of companies.

Mr. Greenfield, of Gienworth Street, London, was fined £48,000, with a total of three years' imprisonment in default. He was also given a 12-month prison sentence, suspended for two

years, and ordered to pay £1,000 costs. Mr. David Perry Warner, aged 25, a director, of Avenue Road, north London, was fined £13,000 with three years' jail in default, and given a nine-month suspended prison sentence.

Mr. Geoffrey Spiro, aged 40, a director, of Regency Lodge, Swiss Cottage, north London, was fined £9,000 with 12 months' imprisonment in default of payment. His company, Industrial Revolution Manufacturing, was fined £200 costs. Morfed Products, the

company of Gaur's Hill, Ilford, Essex, £1,000.

The Petronius Clothing Company of York Way, Islington, London, was fined £4,800 with £200 costs. Morfed Products, the

"front company" for the organisation and now in liquidation, a director, of Clarendon Court, was fined £48,000.

A DECLINE in new private housing output over 1975, it is clear that uncertainties over the prospects for future house sales, generated by the general economic situation and the prospects for a shortage of mortgage finance, are keeping the builders' targets down to realistic levels.

Completions of private homes this year should total about 165,000, with a similar figure being achieved in 1977. The Department also says that buyers and property developers had about 23,000 unsold houses, complete or nearly finished, on the market at the end of June.

The figure shows no change from the total registered four months before but shows a drop of 5,000 from a year earlier. In October 1974, the stock of unsold houses had reached a peak of 56,000.

While this year will have seen a reasonable improvement in new housing output over 1975, it is clear that uncertainties over the prospects for future house sales, generated by the general economic situation and the prospects for a shortage of mortgage finance, are keeping the builders' targets down to realistic levels.

Both this year's projected starts total and the expected 1977 figure concur with the forecasts included in the recent report from the building and civil engineering "Little Noddies."

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Howell to complete tour of drought areas

BY DONALD MACLEAN, INDUSTRIAL STAFF

MR. DENIS HOWELL, Minister with special responsibility for waters is planning to complete a tour of the 10 water regions of England and Wales by about the end of this month.

This morning, he leaves the Trades Union Congress at Brighton to visit the Southern Water Authority monitoring station at Falmer.

Next week he is due in the Anglian, Yorkshire and Severn-Trent regions, the following week in Wessex, and the week after in the North West and Northumberland. He has already visited the Thames, South West and Wales regions.

With the modest amounts of rain now being experienced in some areas making no appreciable difference to depleted reservoirs, the National Water Council will late this week step up its save-water campaign by taking seven- and 15-second television advertising slots. The Council has already taken space in national newspapers in the drive to encourage saving.

Lord Nugent, chairman of the National Water Council, to-day visits the Anglian Water

Authority—one of the most severely hit—and will examine the scheme to reverse the flow of the Great Ouse, to provide supplies of water for the badly hit Northampton area.

Water drawn from standpipes, as they come into operation, should be boiled, householders in the South West were warned to-day by post, as standpipes were erected in Plymouth. The precaution is necessary not

because of the nature of the mains water but because of the danger of contamination in transfer from the standpipe to the household.

Standpipes have been installed in parts of the South West and Yorkshire, as well as in South Wales. North Devon and the Tavistock area face rationing of water by September 15. The Yorkshire pipes, in Halifax, Ruddersfield, Wakefield and

Dewsbury, will not be in use until at least September 15. Plymouth, Torbay and South-West Devon can expect household supplies to be cut off by October 1, while it is thought that Exeter and the Bodmin area of Cornwall may follow a fortnight later. In South-East Wales more than 1m. people have 17-hour daily cuts. Restrictions under the Drought Act came into operation in the South-West yesterday.

The satellites will provide initially communication by telephone or telex between shore and ship in minutes, compared with up to five hours at present.

The consultative organisation, a branch of the United Nations, said last night that present maritime satellite communications were divided between the Atlantic, Pacific and Indian Oceans. The new organisation would integrate these systems

Ship safety improved by satellites

BY JAMES McDONALD

CO-OPERATION for the first time, between Europe, the U.S. and the USSR, in the introduction of a comprehensive international maritime satellite communications system is a feature of an agreement among 47 countries clinched last week by the Inter-Governmental Maritime Consultative Organisation after a three-day conference.

If the agreements are ratified by governments, between 1980 and 1984 an initial \$200m. will be spent on the establishment of three satellites under a new organisation — The Convention on the International Maritime Satellite Organisation.

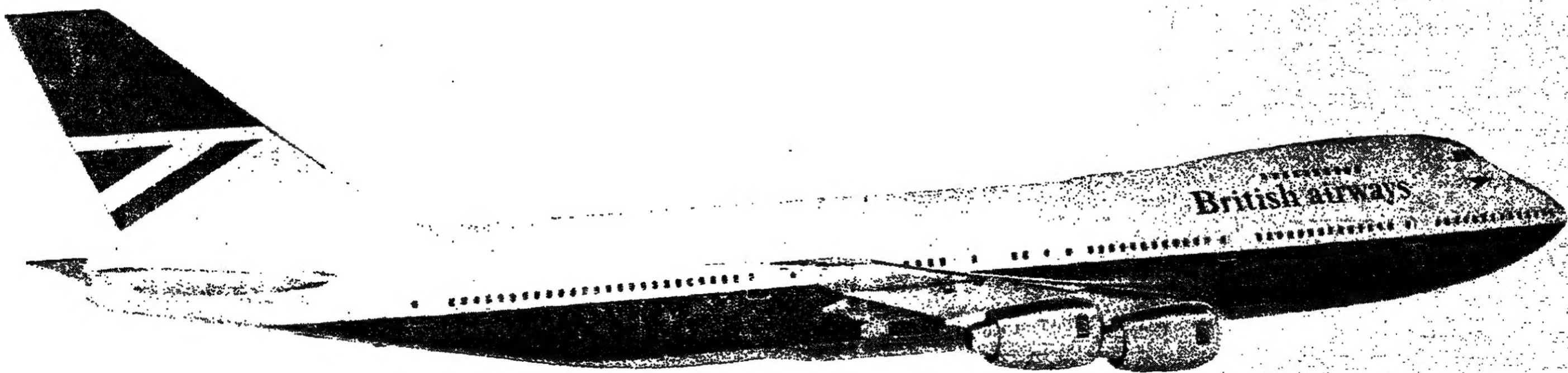
The organisation, based in London, will co-ordinate land-satellite-ship communications throughout the world, with the exception of the Arctic.

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livery to British Airways in 1977 and 1978 for service throughout the world.

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOUTERS

COMMUNICATIONS

Glass fibres carry more calls

FRESH disclosures concerning the work being done on glass fibre for use in telecommunications are coming thick and fast. Now Philips of Eindhoven has announced the development of methods which enable glass fibre to carry many more messages than hitherto, pointing out that increasing the transmission capacity of a glass light guide is just as important as reducing attenuation.

Indeed, the Philips statement says that while a number of development laboratories have claimed to have produced fibre with attenuation around 1dB per kilometre, a 20 per cent loss of signal strength over this distance—the bandwidth problem is much more difficult.

It can only be resolved by achieving a special internal structure of the fibre.

A new process along these

lines has been developed in the Aachen Research Laboratories of Philips. It is based on the use of electrically excited reagents in the deposition of the fibre and has resulted in the production of materials which, over lengths of 1.4 km, have an attenuation of around 1.5 dB.

The company is making a considerable development effort to increase this bandwidth, but already, developers indicate that the advance is sufficient to permit a very considerable reduction in the numbers of repeaters that would otherwise have been needed to set up a telephone and/or other information system using optical fibre cabling.

In the Aachen process, the previously-used chemical vapour deposition approach has been modified by the introduction of

activation of the vapour by a plasma heated by microwaves in the area of the deposition.

The required refractive index profile of the fibre is obtained by several hundred very thin doped layers on the inner surface of a tube of pure quartz glass. Dopants used include the chlorides of silicon, germanium and boron. The process moves along the tube from one end to the other and back and the dopant concentration is gradually increased.

Following this, the tube is formed into a solid rod and then drawn to provide a fibre with an outer diameter of 100 micrometres and a core of about half that.

Further information from Philips, P.O. Box 323, Eindhoven, Holland.

INSTRUMENTS

Analysis from the keyboard

AT A price of £34,500, Hewlett Packard has introduced into the U.K. what it describes as the first truly bench-top gas chromatograph/mass spectrometer system, the HP-5992A.

Among the features offered are automatic tuning, an efficient hyperbolic quadrupole mass filter and a microprocessor controlled gas chromatograph.

The system is in two modules, one containing the calculator with keyboard and thermal plotter/printer while the other houses the gas chromatograph and mass spectrometer subsystems.

This analysis module has no knobs, switches or buttons to set. Calibration and setting up of the MS is completed automatically from a calculator resident program called "auto-tune".

After a reference compound is introduced the program automatically finds the optimum parameters for the ion source, the mass filter and the detector, and produces a mass spectrum with a calibrated mass scale and standard peak intensities.

The GC section uses a

COMPONENTS

Thumb-sized encoders

BRUSHLESS miniature shaft encoders—the size of a thumb—designed by the Muirhead-Vacrie team for use in aircraft instrumentation, is taking pride of place at the company's stand at the Farnborough Air Show this week.

Size 11 encoder takes advantage of high technology techniques in optics and needs no moving contact, yet has all the advantages of the small size previously associated with brush contact encoders.

With much longer life through the use of solid-state light source and detectors, with internal amplification, the optical encoder is priced competitively enough to replace many existing brush contact types.

Very low power consumption makes the unit suitable for application in a variety of aircraft instrumentation and battery sourced military equipment.

Initial interest has been shown by the American Government.

The technical specification, includes an eight bit grey code in a single turn. Supply is 16V at 50mA with moment of inertia of 1gm cm². Temperature range is -40 to +85 deg. C. The encoder measures 1.082 inches in diameter by 0.55 inches long. The company intends later to introduce a multi-turn version with an overall length of 1.5 inches.

Muirhead-Vacrie is at Morden, Surrey on 01-337 6844.

WATER

Floating the dirt to the top

SIMPLE and straightforward, a method of cleaning and recycling water developed in Britain relies on electrolysis to agglomerate and remove pollutants.

A voltage is applied to electrodes immersed in the water. As a result, oxygen and hydrogen bubbles form and rise to the surface, picking up small solid particles on their way. The particles are skimmed off or will sink to the bottom through agglomeration.

Depending on the process for which the water has been used, both it and the recovered solids can be recycled immediately.

Morgan Electrochemicals, Chronicle House, 72 Fleet Street, London, EC4, 01-353 3563.

ELECTRONICS

Components formed and trimmed

A pneumatically operated trimming and forming tool for electronic component leads has been put on the market by Welwyn Tool Company, Stonehill, Herts. (Welwyn 29121).

It consists of a robust, bench-mounted steel stand to which may be fitted a standard range of ten aluminium trimming, spreading and forming dies. Other dies can be produced to customer's specifications and all may be interchanged quickly.

The forming dies introduce a single crimp into the leads, allowing the component to stand off from the board and eliminating the need to snage or use spacers.

Requiring a 40 to 60 psi compressed air supply for operation, the tool is fitted with a foot switch to allow the operator to position the components quickly and accurately using both hands and enabling up to 1,200 components per hour to be processed.

All the moving parts are covered for safety and the cutting blade may be re-sharpened.

COMPUTERS

Bigger mini with large memory

USING high density main memory, the latest minicomputer for Data General offers 512 kilobytes with hardware protection for user programs when operated in dual programming.

The Eclipse C/330 will carry the file-handling abilities of its family a stage further and speed operations for users who need to operate a number of terminals in situations where rapid response is essential.

Its NMOS semiconductor memory of 64 kilobytes quadruples the amount previously available on a single board and increases speed by about 25 per cent.

Built around the new machine is "idea", an interactive data entry and access system which is intended to give users with limited programming knowledge or support the type of service available hitherto only through much more sophisticated data room operations.

On-line accounting, order entry and processing as well as customer inquiry service thus becomes possible at a much lower cost.

The equipment available ranges from 4 to 16 terminals, printers, tape units etc. and a range of software operations. One printer

TERMINALS

Terminal is run by a micro

FLEXIBILITY in data communications with teletypewriter compatibility, multipoint polling and speeds up to 9,600 baud; simplicity of operation through user-defined soft keys; up to 12 kilobytes of display memory and increased editing capability are characteristics of the Hewlett-Packard 389A.

Microprocessor-controlled, it is for both local and distributed computing networks, can operate at selectable speeds up to 9600 baud and has the capability of asynchronous or synchronous (BISYNC) multipoint polling of up to 32 terminals on the same line. This makes the terminal compatible with most computer systems and results in cost savings by sharing modems, data lines and computer I/O channels.

TELETYPE

Bus route statistics automated

AN INNOVATORY method of capturing, processing and reporting on data relating to the origin and destination of bus passenger journeys has been introduced by the statistical section of Greater Manchester Passenger Transport Executive.

It eliminates clerical work in the collection and analysis of information, and provides a flexible reporting system which enables a range of reports, ranging from details of individual bus journeys

TECHNICAL SPECIFICATIONS

is brand new and is a 900 lpm unit with 136 print positions per line and ability to print at six or eight lines per inch.

A further announcement is an emulator which permits the company's machines to handle remote job entry tasks and communicate with 360 or 370 computers by IBM.

Data General is on 01-578 9231.

FAST WAY TO MAKE BOARDS

VARIOUS chemical and other items have become available in recent months that enable development engineers, electronics amateurs and others to make a printed circuit board quickly.

Now, Compstock, the Basildon component distributor, has put them together in a kit which, when the chemical solution is made up, will produce a board in ten minutes or so.

First, the board's copper surface is cleaned using a block which contains an ultra-fine non-metallic polishing compound in an elastic bonding material. Then the engineer simply draws the physical circuit layout on to the board using a special pen containing etch-resistant ink and a series of rub-down transfer

VERSATILE MICRO KIT

AVAILABLE from National Semiconductor (U.K.) is a microprocessor kit which not only takes the pain out of defining a microprocessor system but is also expandable to allow for further development.

Dubbed LCDS (standing for low cost development system) and costing about £315, the kit allows access to the eight-bit microprocessor's data and control lines and also permits simple programs to be entered in hexadecimal code into the main memory.

The kit is able to manipulate and display the program and to control program execution in a way that allows "bugs" to be detected as they are discovered.

No expensive peripherals such as teletypewriters are needed because the kit has its own keyboard and display. Furthermore, LCDS can be readily expanded to encompass all the memory and input/output that might be required in the final application.

It can also be interfaced to a terminal for full keyboard input and hard copy output. Cassette stores can be connected. More from 19, Goldington Road, Bedford MK40 3LF (0234 211263).

TEXTILES

Thin coats applied to fabrics

COATED textiles of various kinds are finding widening areas of application such as that of providing an alternative to metal in certain structures. As the growth of this specialised industrial application widens so does the need for specifically designed products, which means that methods of coating are either being adjusted or new techniques offered.

Four main systems of coating textiles are by means of a floating or air knife positioned above the cloth which is supported by rollers on either side; alternatively the coating can take place directly above a support roller so that the control of thickness is more precise (this roller can either be solid steel or rubber).

MACHINE TOOLS

Milling and boring machine

A FIXED bed, travelling column milling and boring machine, the Elgamal H-PowerCS, which is suitable for operations on heavy and unwieldy components, is to make its debut at the Birmingham machine tool exhibition, March '76 opening on September 22.

It has a 25 hp ram type milling head and is controlled from a pendant. Digital readout and/or numerical control can be provided. The machine was built by The Butler Machine Tool Co., Mile Thorne, Halifax, Yorks. Halifax 61641.

Metsec for building

Metsec is a new technical development in screen printing and it combines the speed of the classical engraved roller printing machine with the versatility of the flat screen printing machine. By placing a suitably engraved rotary screen head mounted in line with the two standard steel and rubber rollers.

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|---|--|--|--|
| 1. The Republic of Ireland is predominantly an agricultural country | True <input type="checkbox"/> False <input type="checkbox"/> | 2. Its manufacturing capacity is small in keeping with Ireland's insignificant domestic market | True <input type="checkbox"/> False <input type="checkbox"/> |
| 3. Ireland has the lowest industrial growth-rate in the EEC | True <input type="checkbox"/> False <input type="checkbox"/> | 4. Ireland's sole natural resource is grass | True <input type="checkbox"/> False <input type="checkbox"/> |

We'll give you a hint: All the statements are false. Don't blame yourself if you scored zero. Fifteen years ago your answers would have earned you full marks.

Meanwhile, industry has ousted agriculture as the Republic's mainstay of jobs and income. Over half our industrial output is in high-technology projects for export. Our industrial expansion has consistently led EEC averages since we joined the Community. And, incidentally, our exports are still growing at a 25% rate, despite the slump in world trade. We're sitting on one of the world's biggest zinc deposits; we are now developing our first off-shore gasfield.

Our government would like you to regard the Republic as an integral part of your company's future. British companies are invited to share in our government's £50 million annual fund for industrial expansion which includes generous non-repayable cash grants. You will also enjoy tax-free profits until 1990.

Already over 600 overseas companies have taken up this offer to manufacture in Ireland for export. Over 200 of them are British.

Of course, you can decide to ignore all this. In which case, just hope your competitors will do likewise.

REPUBLIC OF IRELAND. The Irish government's generous scheme of financial incentives and tax concessions is administered by the Industrial Development Authority. The Authority's Director in the U.K. is Hugh Alston, 28 Bruton Street, London W1X 7DB. Telephone: (01) 499 6155.



Other overseas offices in Paris, Cologne, Brussels, Copenhagen, New York, Chicago, Los Angeles, Houston, Toronto, Sydney and Tokyo.

HOME NEWS

Eleven nations link in bid to find new use for coal

BY ROY HODSON

NEW USES and a fresh image for coal are the objectives of a joint research and information project backed by 11 coal-producing countries including Britain, the U.S. and West Germany, and based in this country.

An international coal technology headquarters was opened in Lower Grosvenor Place, London, last night by Dr. Ulf Lantke, the executive director of the International Energy Agency. Named the National Coal Board (International Energy Agency Services), the unit will administer research and development of coal technology projects undertaken in Britain by the Coal Board and other nations.

One is the fluidised-bed combustion project aimed at more efficient burning of coal.

The information for the international coal industries will be collected and co-ordinated from a reserves and resources clearing house, a mining technology information service, and an economic assessment service.

Britain, the U.S. and West Germany are sharing the £15m cost of building and programming a rig at Grimethorpe, Barnsley, Yorkshire, to test thoroughly the concept of fluidised-bed coal combustion.

It might come to be regarded as one of the most significant engineering advances of the 20th century.

The Board expected the Grimethorpe experiment to justify and strengthen to the stage of commercial exploitation more than five years of intensive laboratory work which the Board had already put into the system.

Widespread adoption of fluidised combustion would have three great advantages. It would prevent sulphur compounds from polluting the atmosphere; add immensely to the efficient use of energy; and bring combustion units smaller and cheaper than present boiler units.

BY ELINOR GOODMAN

Hypermarket did not force shops out of business

THE OPENING of a 50,000-sq. ft. hypermarket at Eastleigh, near Southampton, in 1974 did not force any shops out of business but did take trade away from three out of four of the nearby shopping centres.

That is the main finding of a study of the Carrefour hypermarket carried out for the Environment Department by Social and Community Planning Research and designed to assess the impact of such large developments on consumers and the existing shopping facilities.

The survey is the first of two studies commissioned by the Government in an attempt to produce factual evidence of its own in the long-running debate on whether retailers should be allowed to build large stores, with ample parking facilities, outside established high streets.

The big multiple supermarket groups such as Tesco say that only by exploiting the economies of scale and building larger shops will they be able to offer shoppers the range of goods they want at the prices they want.

The planning authorities, on the other hand, say that such developments may find some ammunition for their arguments in the report.

Guidance

In July, the Government, apparently bowing to the big retailers' arguments, published details of proposed new guidance to planning authorities which would make it easier to get planning permission for large shops. The new planning note still leaves considerable power in the hands of local planning authorities.

In this situation yesterday's study of the Carrefour survey broadly confirms that the retailers have been saying in relation to stock closures. Nonetheless, those authorities strongly opposed to such developments may find some ammunition for their arguments in the report.



Important is the fact that the study concerns one of the largest hypermarkets in this country, while most of the 100 or so "superstores" now open have sales areas of nearer 30,000 sq ft than the 50,000 sq ft at Eastleigh.

Also, the research was completed only a year after the hypermarket opened, and it may take longer than 12 months for the full effects of such a development to be felt.

Mr. Aylett Moore, chairman of Hypermarket (Holdings) which operates Carrefour in the U.K., said yesterday that the report "swept away some of the myths attached to hypermarkets in this country."

argued that such large stores did not force smaller stores out of business; instead they took a small slice of business away from a broad section of shops in the catchment area.

The report confirms that the opening of the Eastleigh hypermarket, which in its first year had sales of around £10m, did not directly result in the closure of any shops in the nearby shopping centres studied.

It did find that housewives who used the hypermarket used most of the other shopping centres in the area slightly less than before.

Four centres within the 20-minute driving-time radius from which hypermarket customers are normally drawn were surveyed in detail. At three of them, the report says, allowing for inflation there was evidence of loss of turnover—most notably in the food and drink sector—a year after the hypermarket opened.

market dropped off sharply. Of the local shopping centres studied it was the one nearest to Carrefour which was most affected by the new store's opening.

Chandlers Ford has the closest alternative shopping centre for most of those who live within five minutes' drive of the hypermarket. The survey found that 7 per cent of those shopping at Carrefour said that they used the centre less than before.

Though there was no evidence of any significant change in the number and variety of shops trading at Chandlers Ford, there was evidence to suggest that trade had suffered. A sample of turnover returns from a third of the shops in Chandlers Ford showed a drop in takings of 10 per cent between the second quarters of 1974 and 1975.

In trying to calculate the hypermarket's impact on existing shopping facilities, the researchers examined two "regional sub-centres" Southampton City Centre and Winchester, and three sets of "district centres" Eastleigh, Romsey and Totton, and the Southampton district centres as well as the local centre at Chandlers Ford.

The report says it is impossible to isolate the effect of the hypermarket's opening from other factors which may have affected shopping and shopping centres during the year. But the results suggest that the hypermarket took trade from a number of shopping centres in the area.

Eastleigh, the district centre closest to the site, appears to have suffered less than several centres further away from it, probably because a large new Tesco opened there at the same time as the hypermarket. (The Tesco opening could also have contributed to the problems at Chandlers Ford.)

Airlines postpone Concorde case ban fight

BRITISH AIRWAYS and Air France have postponed until January their legal attempt to overturn the ban by the Federal Aviation Authority on Concorde flights to and from Kennedy airport.

The authority's original ban stemmed from fears that Concorde's noise and pollution would prove to be totally unacceptable to communities around the airport.

The airlines have decided to postpone their action to give Concorde more time to demonstrate its social acceptability in flights to and from Dulles airport, Washington.

Leyland boost

British Leyland dealers on average have been able to maintain profitability better than competitors, a survey by Jarda Datquest shows.

Luxury Alpine

A luxury version of the Chrysler Alpine has been added to the range.

Cuts 'savage'

Cuts by Bury District Council in social services spending were 'savage', Mr. David Ennals, Social Services Secretary, said. He was speaking to the town's Personal Social Services Council.

One every minute

A car crime is committed every minute, the Home Office said, is launching to-day a campaign which will continue until the end of the year, to combat theft from cars and reduce the number of vehicles stolen.

Rent advice

Clear advice on what to do if difficulties arise over paying rent should be given to council housing tenants at the beginning of the new year, the National Consumer Council says in a study of arrears published to-day.

Sack threat

Workers at the boatbuilding yard of James Miller and Son at St. Monans, Fife, have been served with redundancy notice because of lack of orders.

'Don't follow dad'

Top industrialists are telling their sons not to follow in their footsteps and many leading company executives would drop out of industry if they could afford it, says a survey in Business Administration.

Christian Aid primes pump

Christian Aid has just approved grants totalling £245,566 it said yesterday. The money will help pay for development projects in Asia, the Pacific, the Middle East, Europe and the U.K., as well as some schemes which have a worldwide scope. It is sponsoring Voluntary Service Overseas and Catholic Institute for International Relations volunteers.

Autotelex goes into Surinam

AUTOTELEX to Surinam, the former Dutch colony, has been started. There are now 100 countries which can be reached directly by Britain's 60,000 users of telex. The extension is a result of provision of automatic telex to the United Arab Emirates on the Gulf. The system should be available to Trinidad and Qatar before the end of the year.

TV 'culture gap' is closing

BY ARTHUR SANDLES

THE SO-CALLED culture gap between British and U.S. TV censorship—in which the British object to American TV violence, and the Americans reject U.K. permissiveness over sex and bad language—appears to be closing.

Thames Television, the British company which takes over Channel 9 here in New York from to-night, has had only five and a half seconds cut from its shows for one week.

Cuts appear to have centred on nudity, mainly in the series Rock Follies, and language. To Americans "damn" is an allowable word, but "goddam" is not. However, the word "where," normally forbidden on the U.S. public airwaves, is being given a trial airing under the Thames banner.

Lady Plowden, chairman of Britain's Independent Broadcasting Authority, is here to see how Americans take to television British-style.

She will take part in a televised debate with her American counterpart on the subject of censorship—a novelty in itself because in Britain Lady Plowden is not supposed to take any air time to express her own views.

Concern is growing in the U.S. about television violence. Some companies are showing reluctance about advertising in shows which have too much violence.

At the same time, as far as the late evening is concerned, there is a general loosening of the rules about sexual permissiveness.

Thames' arrival in New York has excited considerable Press comment, most of it favourable, particularly about documentaries and drama, and some not so encouraging, notably about light entertainment.

Thames makes no secret of the fact that what it is after in the long term is sales. Mr. George Cooper, the managing director, said to-day that the Thames sales team was ready to capitalise on any indication in the ratings—which are given daily in a preliminary form—that a show had mass audience potential.

We know the big networks, CBS, NBC and ABC, will be watching us. Once the programme starts to appear, our people will be out there.

At the same time, Station

WOR, which Thames has rented for one week at a reported cost of not less than £200,000, with that much more again being spent on programming and administration, has a battery of telephones ready to take note of consumer reaction.

The first programme goes on the air at 5 p.m.—10 o'clock London time—but Thames will have no real clue as to how things are going until breakfast time in the U.K.

The chances of Britain actually breaking in to the network system in the U.S. is, nonetheless, extremely small. Britain simply does not make the sort of shows that are going to sell across the country at peak time, any more than Britain makes enough of the sort of cars which could outsell General Motors.

For a start, the U.K. has very few of the 27-week packages needed for regular slots in the main winter season.

What it does have is a large quantity of excellent specialist programmes which independents, and perhaps even the networks, will buy on a one-off basis for occasional gaps in this tightly planned business.

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FT7/9

APPOINTMENTS

Sir Antony joins Metal Box

Sir Antony Part has been appointed to the Board of METAL BOX as a non-executive director from October 1. Sir Antony, who joins the company after a distinguished career in the Civil Service, is at present a Governor of the Administrative Staff College and the London School of Economics.

Mr. Philip J. Balman has been appointed managing director for Europe of HOLIDAY INNS INCORPORATED. Mr. Balman has recently been concerned with the development and operation of the Penia Hotel chain through the European Hotel Corporation NV. He succeeds Mr. David Lewis, who is leaving the company to concentrate on the development of franchised Holiday Inns Hotels. See Men and Matters Page 14.

Mr. M. Morris has been appointed a director of EVERED AND CO. Mr. Morris is also group financial controller. Mr. H. L. Rollinson has become director and general manager of Evered and Co. (Extrusion). He was previously general manager. Mr. R. W. Gregory, who has been made director and general manager of the company's plastics and hardware division, was previously general manager. Mr. R. J. Bradley has been appointed director and general manager of Evered Security Products. Mr. Bradley was previously acting general manager for the company and has many years experience in light and heavy engineering.

INTERNATIONAL VIDEO CORPORATION, California. Mr. David



Mr. Philip J. Balman

ARORON, part of the Brant Chemicals International Group. He was marketing director of the company two years ago, and during the interim period has been a director of Pyrene Chemical Services, the company's principal operating company in the Group, and latterly joint deputy managing director of that company with special responsibility for marketing and administration. He remains a director responsible for the day-to-day operation of Ardrox Pyrene Chemicals.

Mr. N. E. Wakefield has resigned from the Board of DRAKE AND SCULL HOLDINGS.

Mr. G. C. Wainman has been appointed LLOYD'S REGISTER OF SHIPPING senior engineer surveyor for Scotland with responsibility for marine, offshore and land-based inspection work. He was previously senior surveyor for industrial services in Scotland.

Mr. F. G. Burns, principal engineer surveyor at Lloyd's Glasgow office, has retired after 25 years' service.

Mr. William Stapleton, who has been appointed director of NATIONAL ASSOCIATION OF WASTE DISPOSAL CONTRACTORS, was previously a publishing executive and consultant.

Mr. A. C. Melnish has been appointed chief executive of the Rawplugh Division of Burnham Industrial Products and managing director of RAWPLUGH. He was previously deputy managing director of Rawplugh, which he joined in 1967 as export manager.

مكزامن التجميل

The Management Page

EDITED BY JOHN ELLIOTT

British Leyland's Special Products division is a highly profitable mechanical engineering operation. Geoffrey Owen argues that the NEB should sell it

A case for the State to opt out

ONE OF the more surprising aspects of British Leyland's performance since it became State-owned has been the rapid expansion of the Special Products division. Most observers expected these non-automotive activities, such as earth-moving equipment and fork-lift trucks, to be sold off, so that the management could concentrate on the main task of putting the car and truck operations in order. Instead, under the energetic leadership of Mr. David Abell, Leyland Special Products has been built up by acquisition and internal development and now employs nearly 12,000 people. With annual sales of around £150m. and pre-tax profits likely to approach £10m. this year, it ranks as one of the largest mechanical engineering companies in the country.

The logic of this is not at all clear. The Government has given assurances that the public money being poured into Leyland is not being diverted into Mr. Abell's division and that all his investments are entirely justifiable in commercial terms. Nevertheless, there remains something odd about a State-owned company, dependent for its continued existence on Government subsidy, being allowed to build up a profitable empire in fields unrelated to its main business.

This is not to say that a State-owned company, even an

unprofitable one, should be forbidden to diversify or be barred from the kind of acquisitions which its private sector rivals might undertake. British Steel Corporation, for example, though losing money in its main steel-making operations, can make out a respectable case for buying stockholding companies in the U.K. and overseas as an essential element in its marketing strategy. In chemicals, too, BSC has a business which might at some stage be expanded: several leading steel companies, such as United States Steel, have used the chemicals produced as a by-product from iron and steel-making as the starting point for a substantial investment in this industry.

Any proposed acquisition by BSC would need careful scrutiny by the Government, not just for monopoly reasons but for its impact on the management of the Corporation as a whole. BSC is a large and complex organisation, (some would say far too large) and it has deep-seated internal problems, which the management is struggling to put right. Even if a proposed take-over looks sensible in commercial and industrial terms, the Government has to be very sure that it is not going to overburden a management that is already fully stretched.

British Leyland is in much the

same position. Mr. Alex Park, the Leyland chief executive, and his colleagues face what is probably the most daunting task in the British industry. In relation to the problems of cars and trucks, Special Products can only be a distraction. Even if they only spend an average of one day a month on it, it is one day too much. It is true that Special Products' performance so far has been relatively trouble-free and that the purchases which Mr. Abell has made have been small enough to be digested without great difficulty. But this will not always be so. Some might argue that Special Products will need to get much bigger in fork lift trucks and construction equipment, probably by acquisition, if it is to challenge the world leaders. If the business is to be developed as it should be, it will require more of Mr. Park's attention over the next few years, not less.

Difference
There is, however, a basic difference between BSC and British Leyland. Whereas the steel industry was nationalised as an act of policy (it was deemed to be one of the "commanding heights" of the economy), British Leyland came into the public sector by accident. It ran out of money and had to be rescued. If it had been put in the hands of a receiver, he would certainly have found buyers for Special

Products. It could have been sold piecemeal; but the best solution might have been to float it off to the public, as was done with Rolls-Royce Motors—incidentally a smaller company, and one operating in a riskier business, than Special Products.

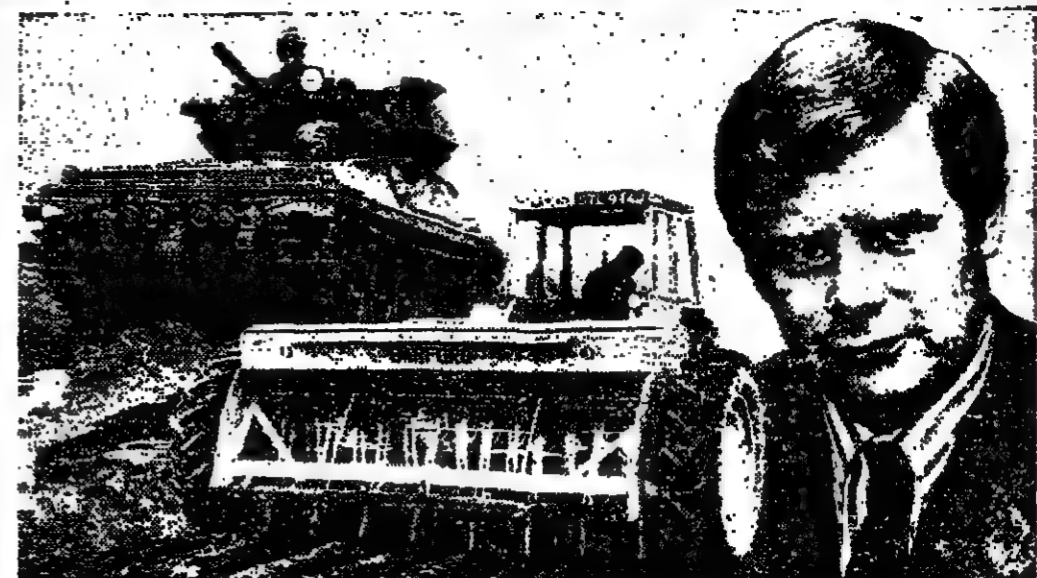
In the years before the rescue, Leyland was selling off a number of marginal investments in order to raise cash. The Thornycroft transmissions company was sold to Eaton, for example, while Rockwell, another American company with a big stake in truck components, bought the Maudslayi axle business. It is not clear why the selling-off process should be halted just because the taxpayer has replaced the shareholders as the source of funds. If Special Products was sold for, say, £50m., it would make only a modest contribution to Leyland's total financing needs (estimated at £1bn. over the 1976-83 period). Anything that reduces the burden on the taxpayer however would be welcome; any Government department, when asked to find ways of cutting expenditure, would regard £50m. as a considerable sum.

Naturally the Board of British Leyland would be reluctant to let go of Special Products, especially at a time when the rest of the business is producing very inadequate profits. At present the profits earned by Mr. Abell's division are virtually free of tax for the Corporation. There is also the argument that the profits of Special Products should be reasonably stable, helping to balance the more volatile car business. But it is not obvious why the Board of British Leyland should have the last word on the matter: the national interest is not in whether the published results of British Leyland look good or bad, but in whether the commitment of public funds (and the size of the public sector) can be reduced.

The case for keeping Special Products would be stronger if it could be demonstrated that the companies within it derive great benefit from being inside British Leyland. In fact there is a remarkable absence of "synergy" in manufacturing or marketing terms, between Special Products and the rest of British Leyland. Certainly, Prestcold buys delivery vehicles from Leyland Cars and Coventry Climax sells fork lift trucks to the Corporation. These inter-company trading arrangements are useful, but not significant to the overall performance of either side. Some of them would probably continue after the separation. As for marketing, Aveling Barford's products are sold through different distributors to different customers. In only one country, South Africa, does a British Leyland company handle the Aveling Barford franchise. In many parts of the world Leyland has a poor reputation for delivery and the companies in Special Products do not like being tarred with the same brush. They have not suffered from serious labour disputes, though there is always the danger that arguments with Leyland Cars and Leyland Truck and Bus over wage structures and union bargaining rights may spill over into their plants. From the point of view of management and perhaps much of the shop floor, Special Products would be better off on its own.

It is true that some other motor companies, such as Fiat and Renault, have diversified into non-automotive fields, partly as an insurance against any long-term decline in demand for passenger cars. But quite apart from the fact that some of these diversifications have not been brilliantly successful, they have not been carried out at a time when the parent company was in a financial crisis.

There is the further point that within the automotive field, Leyland is more diversified than most other vehicle companies



Mr. David Abell (right) with two of the pieces of equipment—an Alvis tank and Barford farm machinery—produced by his Special Products division of British Leyland.

BRITISH LEYLAND IN 1975

	Sales £m.	Pre-tax profit (£m.)
Automotive activities	1,788	(62.0)
Non-automotive activities	80	5.9

LEYLAND SPECIAL PRODUCTS

CONSTITUENT COMPANIES

PRESTCOLD (HOLDINGS): refrigeration equipment
ALVIS: military fighting vehicles
Aveling Barford: earthmoving equipment
COVENTRY CLIMAX ENGINES: fork lift trucks
SELF CHANGING GEARS: road/rail/marine gearboxes
GOODWIN BARSBY: asphalt and stone crushing plant
BARFORDS OF BELTON: dump trucks and agricultural equipment
SCAMMELL TRAILERS: heavy commercial road trailers
NUPFIELD PRESS: printing

RECENT ACQUISITIONS

MARSHALL FOWLER* (£2.4m.): crawler tractors
JOSHUA SHAW OF BATLEY (£450,000): sideloaders
SEARLE MANUFACTURING (£3.8m.): refrigeration equipment
GARDINER REFRIGERATION AND AIR CONDITIONING (£500,000): distribution of refrigeration equipment
* Now renamed Aveling Marshall

FACTORY PLANNING

BY IAN HARGREAVES

Union backs £1m. GEC project

GEC does not have, nor does it covet, a reputation for sheltering the weaker outposts of its empire against economic reality. So the announcement last week that it is to spend over £1m. over the next year on rebuilding and re-equipping London, a South London subsidiary which makes electrical and electronic control equipment and which has a far from spectacular track record on profitability, prompts a number of questions.

At first glance for example it seemed to have chosen to invest in a sector already severely mauled by international competitors and to do so in a difficult economic climate. It had also chosen a part of the U.K. which lost 39 per cent.

of its manufacturing industry jobs in the last 14 years.

These actions however do not mean that GEC has decided to forsake its traditional business habits. Rather, it decided London had a future, provided the workforce was prepared to match the company's investment with a commitment to overhaul working practices in the interests of greater productive efficiency.

Having established therefore that a scheme to build a new, integrated office and factory development was financially viable, London's managing director, Mr. Martin Jay, invited his 400 employees to inspect the plans, before going ahead with any building work.

"I made it clear that the

company's future was bleak without the investment and that the investment was not on unfavourable terms. We could agree on good working practices in the new factory," says Mr. Jay.

The forum for this initial declaration was the company's joint consultative council, which represents all employees including non-unionists. But the subsequent discussions over a six week period were conducted with the separate unions involved: the Electrical and Plumbing Trades Union and its offshoot, the Electrical and Engineering Staff Association, plus the Association of Scientific, Technical and Managerial Staffs.

Faced with a demand for different working arrangements, trade union negotiators automatically react by asking: "How much are you prepared to pay for it?" At London this was coupled with a general conservatism about keeping the old place and the old way. There was too not a little suspicion of GEC's motives.

But Mr. Harry Hughes, the EPTU's South London official, felt that the workforce had no alternative. "We had to expect some quid pro quo for this investment. Under normal economic circumstances we would have solved the question of working practices with money," he says.

"With 1.5m. unemployed, it is the trade unionist's job to assist investment and to preserve jobs. As far as I was concerned it was a question of whether there was going to be work or not. Knowing the history of GEC, it is my view that if the membership had not responded, it would have been another sad story of GEC cutting off another weak limb."

So he and the other union officials and shop stewards proceeded to negotiate. The agreement they signed last week covers five main points. These are: that employees will be flexible in switching between jobs under pressure of orders for particular products; that overtime will not be available as of right, but will be allocated equitably by management as necessary; that supervisors should be responsible for allocating work taking job satisfaction and training into account; that any changes in working practice necessitated by the change of premises will be subject to consultation; and that a work recording scheme will be instituted to enable the company to carry out more accurate labour costing. The company has agreed that information gathered in this way will not be used to assess the performance of individual workers.

Debate
So ended six weeks of bargaining during which, as Mr. Jay puts it, London "was more like a debating chamber than a manufacturing company—all right so long as it doesn't happen too often." The company now has the commitment it needed and can go ahead with the re-building.

Mr. Jay expects the eventual move into the new premises late next year to boost production by 10 per cent, and he hopes that new efforts in export markets and material control will provide a further fillip. With a return on capital of between 5 and 16 per cent in the last three years there is room for improvement.

All this leaves a lot to trust. The unions are prepared to believe that the company will, when pay policy and profit levels permit, do something to improve earnings levels and the unions and the company have agreed that eventually they would like to see a more sophisticated incentive scheme.

For Mr. Hughes, there is the principal satisfaction that he has been involved in negotiations which, in the long run, should create jobs rather than eliminate them. He is also pleased to have been able to put into practice his conviction that the way to achieve the TUC's declared aim of increasing investment in manufacturing industry is not to make political gestures, but to negotiate sensibly with companies which have money to invest.

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TUESDAY, SEPTEMBER 7, 1976

A formula for inflation

THE TUC is evidently determined to make its annual Congress the occasion for a strong opening bid in the next round of pay negotiations, and in many ways this initiative is to be welcomed. Nobody supposes that the regime which started fourteen months ago, of a uniform code to govern all wage settlements in the country, could be tolerated for more than a short period. Already a small minority of workers—most notably the seamen—are expressing their frustration by threatening industrial action over what appear to be trivial issues. The requirements for incentives for improved working methods, of labour mobility and even, it is to be hoped, of industrial growth require a loosening of the strait-jacket.

It is unfortunately much easier to say this than to devise any workable compromise between centralised uniformity and the inflationary chaos which has recently gone under the name of "free collective bargaining." That is why an early initiative is welcome: the whole winter will certainly not be too long for the discussions which are necessary. The speeches at Brighton may also help to elucidate what union leaders mean when they talk of "a planned return to free collective bargaining" or "freedom with responsibility."

Forbidding

The first indications have been forbidding. Union leaders, singly or in groups, have called for such measures as higher old age pensions, higher food subsidies, and more rigid price controls; while Mr. Jack Jones appeared, in his first remarks on "responsible" bargaining, he proposing wage increases which would both prevent any erosion of real wages, and on top of that provide real increases to reward greater productivity. All this suggests, on the face of it, that tragically little has been learnt in the last three disastrous years.

It is in fact hard to believe that these proposals are to be taken at face value, for in other contexts the leaders of the TUC have shown a responsible aware-

Forgotten

Many of his hearers, however, are likely to forget Mr. Jones's reservations, and interpret his remarks as meaning that the aim should be a system of wage indexation, with full productivity payments on top of that; and that this is essentially a very modest claim. The fact which seems to have been forgotten, if only for rhetorical convenience, is that this country is still living far above its means; price increases are the means by which that gap is gradually closed, and any claim to be compensated merely re-opens it. Higher productivity does produce extra resources; but if those immediately responsible claim the whole reward, there is nothing over for anyone else. Apparently philanthropic claims on behalf of other people—such as pensioners—equally reduce what is available for wage earners, and so do efforts to mask inflation through food subsidies (which mean higher taxes) or price controls (which mean fewer jobs). Union leaders court disaster when they even seem to be telling their followers that if the TUC decrees it, two and two can make five.

It depends on the African summit

AT THE conclusion of his talks with Mr. Vorster the South African Prime Minister, Dr. Henry Kissinger maintained that their meeting had been "fruitful," that progress had been made, and that conditions existed for further negotiations on Namibia and Rhodesia. But neither man gave any details of the outcome of their discussions, while the American Secretary of State's prospects of launching a new phase of diplomacy to deal with the problems of Southern Africa are contingent on the black African summit which opened in Dar es Salaam yesterday.

Far cry

In the absence of any clear indications of what was said in Zürich, it would be rash to make hard and fast predictions. But on the external evidence, it certainly looks as though the chances for a negotiated settlement are brightest in Namibia. The proposals adopted by the Turnhalle conference in Windhoek, for a multiracial government in Namibia and independence at the end of 1978, are a far cry from South Africa's original plans for the mandated territory, even if they also fall short of the demands of the South West African People's Organisation (SWAPO) and of the majority of the members of the United Nations. From one of his remarks in Zürich, it appears that Mr. Vorster might now be prepared to make a further step, and agree to a new conference with the participation of SWAPO.

It is not difficult to guess at some of the considerations which may have influenced the shift in the South African position. At an earlier phase Pretoria may have regarded Namibia not merely as a desirable "possession" in its own right, but also as a useful buffer against the radicalism of independent Angola. The guerrilla war against SWAPO and

British role

According to some reports, the U.S. Administration envisages a double role for Britain in a (hypothetical) negotiated settlement of the Rhodesian problem: financial compensation for white settlers, and an active participation in any handover to a black government. Both of these suggestions have been resisted. If a settlement depended on a British contribution to a world wide compensation fund, the cost would be small, and there might be a case for overcoming the natural repugnance for the idea of compensating those who, for more than a decade, have supported an illegal régime because they believed it to be in their best interests to do so. A similar case might be made for a token British contribution to a UN force. But the idea that Britain should reassume major responsibilities for Rhodesia is not war against SWAPO and

Why something had to give in the Mexican economy

By ALAN RIDING, Mexico Correspondent

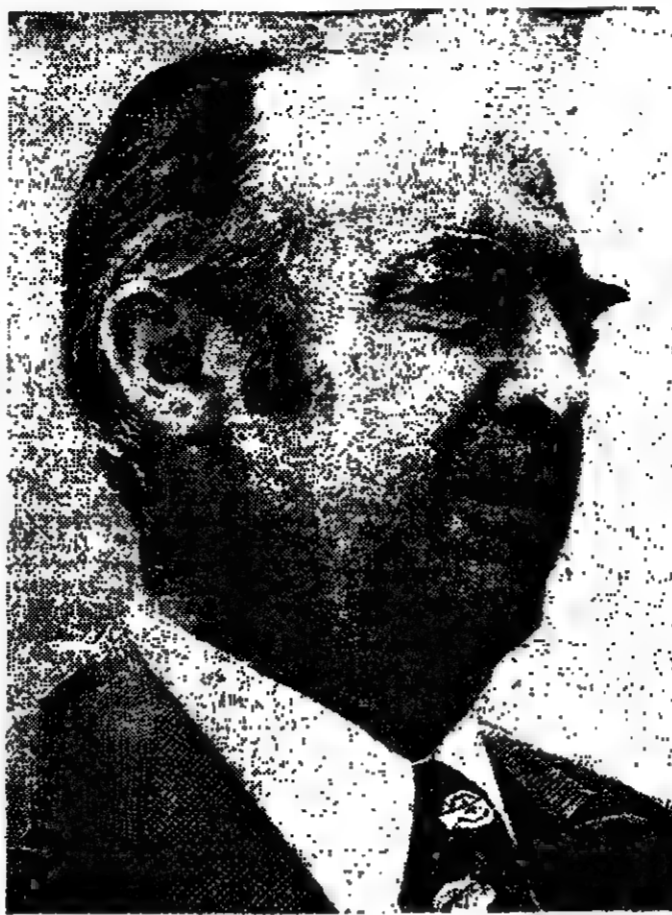
PRESIDENT Luis Echeverría of Mexico through-out his almost six years in office was always willing to sacrifice the Mexican economic "miracle" for the sake of political objectives at home and abroad. Last week, with only three months left in office, he paid the price when he presided over the first devaluation of the Mexican peso in 22 years. The currency was floated, leading to an immediate drop of its value by over 30 per cent.

In exchange, Sr. Echeverría can rightly claim that the long-ruling Institutional Revolutionary Party has been enormously strengthened during his administration and that, for the first time ever, Mexico emerged from the shadow of the U.S. and acquired an independent voice in world affairs. Yet the economic problems that he will bequeath to his successor, the former Finance Minister, Sr. José López Portillo, on December 1 are so serious that his own achievements in domestic politics and foreign affairs may well be forgotten. The Mexico of to-day cannot afford both populism at home and Third World militancy abroad.

Probably Sr. Echeverría's only generous gift to his successor was to float—or rather devalue—the peso. The currency had become so overvalued in relation to the dollar during three years of high inflation that devaluation seemed unavoidable, but most people thought it would be one of Sr. López Portillo's first rather than one of Sr. Echeverría's last major decisions. The Mexican economy has thus escaped the prospect of a particularly punishing run on the peso at the time of the inauguration. Sr. López Portillo can start his administration with nothing more unpopular than a stiff dose of austerity.

Yet the weakness of the peso cannot be blamed entirely on the Echeverría administration. To a large extent, it was also a consequence of measures adopted in response to the reaction from the ultra-conservative private sector to much needed economic and social reforms. The private sector had long been coddled with subsidised oil, electricity and transport prices, with protected markets, depressed wage scales, and risible tax levels. When the Government withdrew these privileges and Sr. Echeverría began castigating industrialists and bankers as "obstacles" to reform, the private sector responded by withholding new investment. As the administration drew to a close, more and more Mexican capital moved out of the country, causing booms in the real estate markets of southern California, Arizona, Texas and Florida.

Anxious to avoid a slump that would bring serious political problems as well as even greater unemployment, the Gov-



Sr. José López Portillo (left), President-elect of Mexico, has been spared the embarrassment of beginning his term of office with a devaluation: the incumbent, Sr. Luis Echeverría, did it for him. But does it really mean much for the Mexican in the street or the village?

ernment stepped up its own spending to the point where, for the first time in Mexican history, Government investment exceeded private investment. Since 1971, according to official statistics, investment by the Government has grown by 16 per cent a year compared with only 4 per cent a year in the private sector.

Budgets multiplied and public sector deficit spending soared from \$1.5bn. in 1971 to \$10.5bn. in the red last year. To pay for it, the foreign debt was tripled to \$22bn. Combined with the inflationary forces imported from abroad, all this was guaranteed to instil inflation as a new—and perhaps permanent—feature of the Mexican economy.

The cost of living increased by 17 per cent in 1973, 25 per cent in 1974, and 19 per cent last year, in every case sharply higher than the inflation rate in the U.S. Mexico's partner in two-thirds of its trade, heavily dependent upon the organised labour movement for political support, Sr. Echeverría happily decreed across the board wage increases. Industry passed on its increased production costs to the domestic consumer. But outside the country, during a period of contracted demand, Mexican manufactures and semi-manufactures were no longer competitive. Between 1973 and 1975, while purchases by the Government pushed up imports from \$3.8bn. to \$6.5bn.,

exports grew from \$2bn. to only \$2.5bn. The high cost of holidaying in Mexico also brought a slump to the tourist industry. Revenues actually fell by 4 per cent last year to \$800m.

Currency myth

The result was a current account deficit that grew from \$1.2bn. in 1973 to \$3.6bn. last year. The price of maintaining the exchange rate for the sake of the myth of a stable currency was clearly becoming excessive. Certainly there was no reason to expect Sr. Echeverría's successor to want to pick up the tab. After 22 years of a fixed parity with the dollar, the decision to float inevitably caused economic and political convulsions: retailers immediately added 25-35 per cent to their prices. Factories stopped supplying goods until they could raise their prices; and the Labour Congress demanded that the buying power of the workers must be safeguarded. Not very convincingly, the Government rushed in to assure everyone that new stable levels of prices, wages, and the exchange rate would have been established by the end of September. It hopes that a surge of exports and a stampede of tourists will follow.

In practice, though, it is apparent that entirely new economic policies are required and that they will not be forth-



coming from the Echeverría administration. For example, well as the U.S. Government, comes from the President's radical rhetoric. Sr. López Portillo, on the other hand, is not given to demagoguery. He is a tough opponent at the bargaining-table and will approach Government in an organised and rational fashion. For the private sector and the rest of the country, the direction and colouring of the next administration are still a mystery, yet there is a basic optimism among businessmen that things will be better for them during the coming administration.

Washington, which can play an enormous role in opening up export possibilities and credit lines to Mexico during the next years, is also looking forward to the political retirement of Sr. Echeverría whose militant "Third Worldism" has led him to make ever fiercer attacks on the U.S. As with the private sector, Sr. López Portillo is planning a less acrimonious relationship with the U.S. He will travel to Washington later this month to open his own dialogue with the Ford Administration and with international credit organisations.

At home the political outlook presents greater problems. The choice of Sr. López Portillo to become President was itself a surprise because, as a technocrat whose career had been dedicated to public administration and finance, he had no political base within the party bureaucracy. The immediate result was that

Sr. Echeverría could place his followers in key positions in the López Portillo camp, leading most analysts to conclude that the outgoing President was seeking to perpetuate himself in power if not in office. The challenge for Sr. López Portillo, since he lacks political support or experience, is to impose his authority on the country, even if it means clashing openly with Sr. Echeverría.

Unpopular measures

The importance of proving himself politically will become apparent next year when Sr. López Portillo adopts unpopular economic austerity measures. Although the one-party system is known here as a succession of six-year dictatorships, in practice a subtle balance of political forces must be maintained by each President. For example, should a wage freeze become necessary, can Sr. López Portillo be assured of the backing of the traditionally pro-Government labour movement? If large strikes erupt, will the new President be forced to look to the army to break them? As the contradictions grow between a capitalist economy and "revolutionary" rhetoric and measures, how can he achieve economic expansion and political stability without repression? The 1968 anti-Government movement, which ended in the shooting of several hundred student demonstrators on the eve of the Olympic Games, demonstrated that this mode can no longer be safely applied in Mexico.

The distant macro-view of Mexico too often ignores the enormous political pressures that are at work beyond the monolithic facade of bureaucracy. Even the importance of Mexico's newly expanded oil reserves, for example, is exaggerated because, like Britain's North Sea deposits, they may improve trade figures, but will not resolve the fundamental problems. True, Mexico's industrial base is also growing—production of oil, steel, petrochemicals and electricity has doubled since 1970—but so is unemployment, rural poverty and urban blight.

The task awaiting Sr. López Portillo is unenviable. From the point of view of a banker he may succeed in getting the economy on the move again and he may even discover a talent as a politician. Yet the country's real problems—50 per cent of the work force is unemployed or underemployed, 25m. peasants are living in poverty, urban slum populations are growing by 10 per cent annually—will remain unsolved. They are so deeply structural that a devaluation here or a few little fundamental differences.

MEN AND MATTERS

Bulman into Inns

"It's sometimes said that when one of our guests wakes up, he has no idea which country he's in. We take that as a plus." Whether that is your idea of plus or minus, it sums up a standardisation of facilities which has helped make Holiday Inns the biggest hotel business in the world.

It covers nearly 300,000 rooms in 1,711 locations, and outside the U.S. (the company is based in Memphis) the largest single concentration of Inns, not surprisingly, is in Europe. Now a Briton, Philip Bulman, 41, is taking over as managing director for the group in Europe, where there are 53 individual Holiday Inns including one opened recently in Poland.

A majority of those are franchise operations: of the 11 hotels in Britain, six are run by the separate Commonwealth Holiday Inns of Canada and the rest by Holiday Inns Inc.

Holiday Inns was founded in 1952 by Kemmons Wilson. Before he arrived, as an American magazine once noted pungently, "most motels were of the 'no tell' variety: generally shabby and faintly disreputable places that catered mainly to casual lovers and transient salesmen."

Wilson is a man who seems at his happiest when scouting out new sites, and his background is in the best capitalist tradition: his career started with the purchase of a \$50 popcorn-dispensing machine which later graced his Memphis office as an unusual reminder of humble beginnings. The previous head of European operations is another entrepreneurial figure, South African David Lewis who began his association with Holiday Inns as a franchisee in 1930,

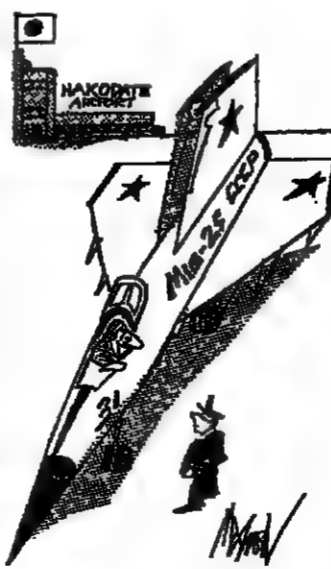
that part of the world, and he is returning to that business. He is credited with a good deal of sprucing up in his two years in charge of Europe.

Bulman, in contrast, is much more of a career accountant. After ten years with ICI, he spent two years with Trust House Hotels as financial controller. Then he switched to Tube Investments and finally to his present job with the Dutch-based European Hotel Corporation, the group owned by a consortium of banks and airlines which includes British Airways. He will be responsible at Holiday Inns for "overseeing" both the wholly-owned and franchise sides, keeping them publicly in step, and while he reckons the Inns generally are doing well Bulman still foresees a need to curb "some of the enthusiasm for certain standards" on which the U.S. bosses are so keen.

Holiday Inns doesn't disclose details of its financial state in Europe but will say that results have shown "marked" improvement over the last couple of years.

Eugene again

Outside of the marketing and cosmetics business the news that Eugene is launching a major advertising campaign for a hair setting preparation, "Majic," is not likely to raise much dust, even though the company is planning to spend \$250,000 on TV advertising. What is rather more interesting is that this is only the second time that Eugene has gone on TV and that the first time it did was, at least according to the Shell Book of Firsts, the very first TV commercial. It was transmitted over a Baird closed circuit TV system installed at the Hairdressing Fair of Fashion held at Olympia in 1930.



"Am I right for Farm-borough?"

These days the market for hair setting lotions is much more sophisticated than it was then and, as the money which Eugene is pumping into the promotion of its new product suggests, considerably bigger in financial terms. In 1975 it was worth £7m, and this year is expected to see an extra £2m added to that total as a result of changing fashions—and of course the ever-increasing cost of going to the hairdresser.

Community spirit

Bridge players will be familiar with what is called the loser-offer principle, the idea being that if you have a losing card in each hand you play them both in the same trick. Cynics might say that the idea of permanently sitting the European Parliament in that area of East London which has come to be known commonly as "Docklands" is a good example of this tactical

ploy, but London estate agent Alistair Glickman has produced the idea for serious consideration.

In a closely argued 15-page document Glickman (40 years old, 15 of which have been spent in the estate agency business) puts forward two main hypotheses. The first is that the peripatetic nature of the European Parliament (which currently commutes between Strasbourg and Luxembourg) is unsatisfactory, and that England could make a contribution to European solidarity by offering it a permanent home. The second is that the proposals contained in the London Docklands: A Strategic Plan, while being unexceptionable, are unlikely to materialise. Anyway, argues Glickman, reviving the dockland area would cost the British taxpayer dear, and the time scale for completion of the project takes us almost to the end of the century.

The conclusion he draws therefore is that the two projects could be usefully combined to everyone's advantage—going into detail as to how residential, travel and leisure facilities could be incorporated into the scheme. But why has he as an individual spent both time and money on a project that could only be decided at summit level? Glickman says, "I have a great interest in devolution within the EEC, and here is a vast area of London in decline. Why not devote it to something possibly of everlasting interest?"

Prior knowledge?

Announces the Crawley and Horley Courier: "The parish church of Saint Nicholas, Worth, dates from approximately 888 BC and is therefore one of the oldest churches in the U.K."

Observer

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VALUATIONS

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1. *Chlorophyll a* (Chl *a*)

COMPANY NEWS & COMMENT

Revertex tops £1.8m. after six months

PROFITS before tax of Revertex Chemicals rose from £1.54m. to £1.81m. in the first half of 1976 but the chairman, Mr. E. F. Brookman says a lack of buoyancy is apparent and the outlook for the remainder of the year must be viewed with some caution.

Nevertheless, he believes that the results for the current year will not be considered unsatisfactory. In 1975, pre-tax profits totalled £2.84m.

The net interim dividend is raised from 1.5p to 1.75p—the 1973 total was 4.42p.

With the size of its overseas business and the falling value of the pound, there are extraordinary profits of £123,000 and an addition to reserves of £51,000 for the period. The improvement in trading was general, with overseas associates in particular showing improvement over the corresponding period of 1975.

As mentioned at the annual meeting, the first half of 1976 also benefited from some exceptional sales.

The group continues in a sound financial position with overdrafts of some subsidiaries substantially offset by money on short-term deposit by others, the chairman says.

As known, the group is making an offer for Prodrone, as a means of expanding further into related high technology markets.

Turnover	1976	1975
Trading profit	1,810	1,540
Financial income	1,810	1,540
Profit before tax	1,810	1,540
Tax	1,810	1,540
Net profit	1,810	1,540
Dividends	1,810	1,540
Retained	1,810	1,540

comment

Revertex's words of caution about current half prospects are not meant to contradict the forecast made at the end of last year that 1976 profits levels could well be reached in 1976. This suggests that the rate of recovery so far, giving an interim profit rise of 18 per cent, should be more or less maintained but may not increase further in the second six months. The 18.5 per cent rise in turnover incorporated solid progress in volume sales and the underlying improved demand expected to continue helped by the beginning of recovery in the textile, paper and paints industries. However, problems remain in keeping up with costs which remain competitive in markets (particularly in the U.K.) that are taking longer to pick up than was hoped six months back. Prospective earnings cover a maximum of 9.7 per cent, yield on the 20p shares 3.7 times. The yield and p.e. of 4.3 hold attractions in the sector.

MINING SUPPLIES LIMITED

Profit and turnover again substantially increased

Year to 26th April	1976	1975	1974	1973
Turnover	11,831	8,732	6,290	4,915
Profit before tax	1,398	942	595	225
Profit after tax	638	427	264	122
Net Dividend	1.0p	0.7p	0.2p	0.2p
Earnings per share	5.7p	3.8p	2.3p	1.1p

Salient points from the circulated statement of the Chairman and Managing Director, Mr. A. Snipe.

Growth has occurred in all the activities of the group and once again I am pleased to be able to report a further substantial increase in profit and turnover. Treasury consent has been obtained for the increase in dividend.

The expertise we have at our disposal enables us to continue our policy of expansion. This does of course require substantial capital investment which we have in the past funded out of our own resources and will continue to do so.

We continue to diversify in our specialised fields with a variety of developments in all areas of group activity and the coming years should be both interesting and profitable.

BRAMMER

INTERIM REPORT

Unaudited Results for the Group

for the six months ended	30 June 1976	30 June 1975	31 Dec. 1975
Sales	10,080	10,090	20,447
Group Profit before Tax	1,422	1,219	2,509
Group Profit after Tax	642	585	1,188
Profit before Tax Percentage to Sales	14.1%	12.1%	12.3%
Earnings Per Share	10.5p	9.0p	18.2p

- ★ Earnings per share up 16.6%
- ★ Proposed capitalisation issue of 1 for 2
- ★ Group have adequate resources to support substantial programme of development.

J. E. Head,
Chairman.

H. BRAMMER & CO. LIMITED

Reg. Office: Station House, Altrincham, Cheshire WA14 1EP

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£0.73m. by Leisure and General

TURNOVER for the year to April 30, 1976, of Leisure and General Holdings increased from £19.5m. to £23.4m. and pre-tax profit advanced slightly from £733,851 to £732,084.

With turnover ahead of forecast in the first quarter of the current year, particularly at the motor hotels and holiday centres, and with notable improvements in the general catering and hi-fi retailing sectors, the outlook for 1976-77 is good, the directors state.

Despite the unprofitable summer for bookmaking, subject to unforeseeable adverse developments in the economy, a significant increase in profits should be achieved, they add.

Earnings per 10p share for the past year increased from 4.7p to 5.2p, and the dividend is raised from 1.575p to 1.735p net with a final of 0.2p.

1975-76 1974-75

Group Turnover

Motor hotels, holiday centres and general

Leisure and general

Leisure and general

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comment

After a 19 per cent increase in pre-tax profit at the half way stage, the full year increase of only 1 per cent, by Leisure and General is a disappointment. On the hi-fi side, the second half suffered by comparison with the previous year's boom prior to a VAT increase while hotels and catering were depressed by poor demand in the winter period and start up costs of two new hotels.

The current year should bring marked improvement—the hot weather has made excellent conditions for the hotels and holiday centres and the hi-fi retailing is doing well following the reduction in VAT. Only the bookmaking side (which accounted for 30 per cent of profits in 1975-76) is unhappy since the drought has meant smaller bets and tighter margins. The shares, at 34p, yield 8 per cent, covered 3 times.

Record £1.45m. by Aurora

DESPITE a difficult period for engineering companies external turnover of Aurora Holdings increased by 22 per cent to £1.45m. and pre-tax profits were up by 11 per cent to £145,000.

Both records, for the year to June 30, 1976.

Earnings per 25p share, on capital as adjusted by the May 1975 rights issue were 11.9p, against 13.9p or 13.3p restated.

Against a forecast of not less than 3.025p the second interim dividend is 3.4p making 4.275p net in respect of 18 months to December 31, 1976—the financial year has been changed to December 31 to coincide with ESE. For the previous year a total of 6.75p per 5p share was paid.

Benefits of diversifications were once again demonstrated, says the chairman, Mr. R. Atkinson.

East Sussex Engineering Group became a subsidiary on March 30, 1976, and post acquisition profits of £219,000 have been included.

Integration of ESE into the Aurora Group has been accomplished successfully and according to plan.

The final Ordinary dividend for the 18 months will be declared in May 1977.

comment

Although its figures are distorted by acquisitions and disposals it is clear that Aurora's profits on a strictly comparable basis would be slightly lower. Considering the difficulties experienced by the whole machine tool sector during this period, and the fact that sales volume must have been significantly lower, that performance does not look too bad.

Volume is apparently beginning to pick up in the current year and a first full contribution from East Sussex Engineering should add about £40,000 to earnings. Aurora's short term outlook is therefore brighter than many of its competitors and the shares at 33p, yielding 13.2 per cent (on dividends announced so far) covered 2.2 times have a fairly strong backing.

Melody Mills seeks further expansion

THE BALANCE sheet of Melody Mills shows a healthy position, the current assets position and a reduction in bank overdrafts from £974,000 to £763,000, the chairman, Mr. W. T. Meigh says in his annual report.

However he would wish to see a modest increase in the issued share capital to provide a sounder base for further expansion and this is under consideration when conditions appear appropriate.

There is currently no improvement in the U.K. demand for wallcoverings the chairman says and the major European countries are now experiencing a sizeable reduction in consumption. In particular the German industry has been under much pressure which has resulted in intense competition within the EEC.

For the year ended March 31, 1976, pre-tax profits expanded from £274,356 to £738,288. Turnover was £3,225m. against £4,229m. Due to the higher level of

business the group's warehousing and despatch facilities will not be adequate to maintain a satisfactory standard of service on the increased volume which is anticipated for the future. Directors are currently negotiating for the lease of a large new warehouse near the vicinity of Sileby. Plans are also under consideration for further increasing production at Anstey.

The U.K. wholesaling subsidiary Nova Decor Services continues to grow and a third depot was opened in the Midlands region in March 1976. Nova is now a major source of distribution for the company's products in the U.K. and has greatly helped in shielding Melody from some of the adverse effects caused by the closure of certain wholesale customers during the past few years.

It is the Board's intention to extend the operations of Nova to balance the continual takeover of independent wholesalers by competitors.

Meeting, Loughborough, Leics., September 28, at noon.

Cosalt forecasts over £1m.

REPORTING pre-tax profits up from £313,000 for 26 weeks to £289,000 for the 27 weeks to July 4, 1976, Mr. J. M. T. Ross, chairman, says Cosalt has a figure in excess of £1m. for 1976, compared with £556,000 for the previous year.

The interim dividend is raised from 1.1p to 1.2p net per 25p share, making 1.32p, and is intended to pay the maximum permitted final—1.40817p for 1975.

Ships' chandlery etc. 1,364 2,676 2,528

Refrigeration etc. 480 111 274

Caravans 2,743 1,863 3,443

Finance 352 352 365

Total turnover 5,539 5,002 12,164

Ships' chandlery etc. 480 282 245

Refrigeration etc. 916 124 124

Caravans 126 104 243

Finance 352 352 365

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Refrigeration etc. 916 124 124

Caravans 126 104 243

Finance 35

THE SENIOR finance director of **BAT Industries, Mr. John Symons, said yesterday** that capital spending this year should be roughly in line with the **1969 estimates of \$30, 1970 of \$30, 1971 of \$30.**

It should all be financed by cash flow and there were no plans for major borrowing, he added.

The company was "unlikely to make any major acquisitions for a year or so while it assimilated its U.S. retailing purchases, but it was constantly reassessing its position."

Any major expansion was likely to be in Europe or the U.S.

However, BAT would be reluctant to

ant to spread its managerial skills over a wide range of activity, but expansion in a fifth major area outside tobacco, retailing, paper and cosmetics was a possibility.

Tobacco offers limited expansion opportunities and increased

The twenty largest holdings detailed in the Report and Accounts of the portfolio.

In his statement Sir Geoffrey Kitchen said "we are hopeful will continue to grow and that our record of increasing the 1969 will be continued."

Copies of the Accounts are available from the

Registrars,

on August 13 was 19.17m. share UC previously held some 25 per cent. of C and C.

15 Stanhope Gate, L

Capital expenditure amounted to £5,854,000, reflecting a policy of continued investment.

Millers and Robirch,
sausages and pies
 Jus-rol, *frozen pastry*
 Spam, *canned meat*
 Newforge, *canned goods*
 Key Markets,
supermarkets
 KD, *discount stores*
 L Noel, *cocktail specialities*
 Auguste Noel, *cheeses*
 Hutton, *ships chandlers*
 Daniel, Robson and Ryan,
cash and carry depots
 Fitch,
exports and home trade

Copies of the Report and Accounts may be obtained from
The Secretary, Fuch Lovell Ltd, 1 West Smithfield, London EC1A 9LJ

AMEY ROADSTON
15 Stanhope Gate, L



ARC pre-tax profits for 1976 at £13.6m exceeded the previous record of £10.1m in 1973.

Recovery of increased costs for cement, bitumen and fuel represented a major element of the rise in turnover compared with last year. Economies within the group contributed substantially towards the upturn in profits.

Achievement of an adequate return on capital in real terms remains the challenge.

This preliminary statement deals with the results of the group in respect of the year to 30 June 1976.		
	1976	1975
	£'000	£'000
Turnover	145,559	122,449
Margin on trading	22,404	16,172
Depreciation and depletion	7,441	7,580
Operating surplus	14,975	8,572
Less interest	1,938	3,406
Profit from Amey Roadstone Corporation operations	13,017	5,166
Dividends received	600	1,201
Less Loss on sale of investments	—	(1,117)
Profit before taxation	13,617	5,252
Taxation—Current year	6,609	3,292
—Prior year	(10)	(520)
	6,599	2,772
Profit after taxation	£ 7,018	£ 2,480
Extraordinary losses on disposal of subsidiaries	517	—
Minority interest	—	2
Dividends	5,705	2,250
Retained	796	238

Secretary — Fleming & Murray

Three year summary of results

Year ended 30th June	Gross Revenue £'000	Ordinary shares Earned per share	Ordinary shares Paid per share	Gross Assets (less current liabilities) £'000	Net Asset Value per Ord. share
1974	2,431	8.00p	5.70p	42,203	178p
1975	2,632	6.52p	6.40p	35,910	240p
1976	2,693	4.93p	6.85p	61,076	272p

The twenty largest holdings detailed in the Report and Accounts equal 27.73 per cent of the portfolio.

In his statement Sir Geoffrey Kitchen said "we are hopeful that our investment income will continue to grow and that our record of increasing the dividend in every year since 1969 will be continued."

Copies of the Accounts are available from the Registrars,
95 Southwark Street, London SE1 0JB.

OVERSEAS MARKETS

McDonnell Douglas favourable outlook

McDONNELL DOUGLAS expects the first half-year's earnings to be favourable. The company's earnings trend will continue in the second half in part because of higher Government sales, according to Mr. Sanford N. McDonnell, president and chief executive.

In the 1975 second half year the company earned \$41.5m, or \$1.10 a share. As previously reported, the first half net income rose to \$36.4m, or \$1.48 a share, from \$34.1m, or \$1.17 a share the year before.

The executive expressed optimism over the outlook for both the year and the company's future. All securities and commodities exchanges and banks in the U.S. and Canada were closed yesterday in observance of Labour Day.

Government and commercial segments of the Aerospace Industry. This is one of those rare moments when both Government and commercial businesses are looking bright for the future, he said.

He also noted that the Government side, which has been strong this year, "looks relatively brighter" since the commercial market "is just coming out of the recession".

He also vigorously defended the Air Force F15 fighter programme.

ST. LOUIS, Sept. 6. Government volume will continue to "outweigh considerably" commercial sales, he said. However, "commercial bookings should pick up more strongly next year" than this year's pace.

Paris prices were generally mixed amid hesitant trading on the Paris Bourse yesterday, with the market waiting for clearer indication of the economic message to be taken by the new Government.

Food, Engineering and Stores eased, while Oils and electricals were firm. Most other sectors showed no distinct tendency.

Among foreign stocks, American and Canadian shares were little changed, while Dutch shares weakened.

International Oils were weak, while Coppers were irregular.

GERMANY—Generally little changed in featureless trading.

VW rose DML10 to 133.00 on a favourable interim report over the week-end.

Banks were weak, with Commerzbank trading at DML173.50 as rights.

Steel makers were mixed, while Public Bonds continued firm in good demand.

The Authorities sold DML14.00 nominal of stock.

Foreign Bank Loans were maintained.

AMSTERDAM—Mainly steady in a small volume.

Among International, AKZO shed Ffs.0.30 and Philips Ffs.0.20, but Unilever firmed Ffs.0.30.

Banks and Insurance moved narrowly higher. Transportations were narrowly higher. Holland America Line Holding were up Ffs.0.80, KLM down Ffs.1.50, Shipping Union advanced Ffs.2.30.

Dutch Industrials were steady. RSV Shipbuilding were lifted Ffs.3.50.

Bonds were steady. BRUSSELS—Mixed in active trading.

In mostly easier Steels, Clabbe fell Ffs.80 to 4.350, while Hoboken declined Ffs.185 to 2.435 in weak non-ferrous Metals.

Electricals, Utilities and Holdings were little changed, while ICS slipped Ffs.15 to 2.325 in mixed Chemicals.

Oils were steady. Gas was predominated among U.S. stocks, with up Ffs.10 to 10.75, ITT Ffs.35 to 1.374, General Motors Ffs.20 to 2.695 and Union Carbide Ffs.10 to 2.553.

German issues finished narrowly mixed. Siemens gained Ffs.10 to 4.350 but Hoechst were off Ffs.15 to 2.225. Dutch shares were steady. French stocks held generally firm.

SWITZERLAND—Markets declined on contained selling. Banks were little changed, however, apart from former Hypo.

Swissair, Insurance also were little changed, while Financials eased and Industrials were weaker.

Trading in Bally Beaver was interrupted for a quarter of an hour when it tumbled and closed Ffs.255 down at 1.375—over the week-end, it said a substantial minority holding would be registered in the name of Syndicate AG, of Zurich.

Von Aed fell Ffs.80 to 561.

Dollar stocks gained slightly in a moderate turnover. Dutch Industrials edged higher and German shares generally steady.

South African Mining Financials rose sharply on very active demand following the Gold price increase.

COPENHAGEN—Lower in very active dealings, with losses concentrated in the Industrial sector.

OSLO—Bankings, Industrials and Shippings were barely steady, while Insurance were quiet.

VIENNA—Generally steady in light volume.

BILAN—Moderately higher in quiet trading.

Mediabanc rose L1.250 to 72.500, due to rumours of an increase in share capital, part on payment and part free.

Bonds were slightly lower in very quiet trading.

HONG KONG—Prices registered further gains in heavy trading, following the Financial Secretary's prediction that Hong Kong's domestic exports will grow by 18 per cent this year.

Hong Kong Bank moved up 40 cents to HK\$19.70, Hong Kong Land 15 cents to 7.15, Electric 10 cents to 3.675, Jardine 30 cents to 20.70, Hong Kong Electric 71 cents to 4.65, China Light 40 cents to 25.80, and Hong Kong and Kowloon 30 cents to 17.50.

TOKYO—Prices fell broadly in a volume of 180m shares.

Moving lower were Construction, Textiles, Chemicals, Machinery, Light Electricals, Real Estate and Utilities.

Motor vehicles, mixed, as were Electronics and Services.

Fuji Photo Film fell ¥9 to 580, despite the development of a new colour film.

Some Foods were higher, including Nishiki Food, up ¥30 and Hoken Oil, up ¥15.

Oil Refineries also showed gains. Mitsubishi Oil rose ¥10 to 180.

Copied gave way ¥20 to 625, following a volume of 3,240m shares.

Hitachi Shipbuilding lost ¥3 to 107.

Pioneer were down ¥30 to 320—the shares would be eligible for listing in blocks of 100 starting September 20.

Japan Airlines dropped ¥220 to 1,200, Matsushita Electric Trading ¥20 to 2,130, Matsushita Kofukubun ¥20 to 1,200, Matsushita Yoko Inn ¥20 to 1,200, TDK ¥50 to 1,800, and Eiki Giken ¥40 to 880.

KDD moved up ¥30 to 2,450, Clarion ¥20 to 875, Toyama Chemical ¥20 to 755, Wacoal ¥20 to 1,100, and Aigai Nylon ¥20 to 1,000.

Hitachi Shipbuilding Engineering ¥15 to 453.

JOHANNESBURG—Closed yesterday.

Prices drifted lower in most sectors, led by Mining.

London lost 22 cents to \$4.60, while Pancontinental fell 20 cents to \$4.30.

But Utah rose 3 cents to \$4.50 and Peko-Wallace gained 4 cents to \$4.50.

GERMANY—

Sept. 6

Price + or - Div. Yld. %

AGF 485.0 -0.5 1.2 3.1

Allianz 485.0 -0.5 1.2 3.1

Commerzbank 485.0 -0.5 1.2 3.1

Deutsche Bank 485.0 -0.5 1.2 3.1

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ARMING AND RAW MATERIALS

Sharp jump in soyabean meal prices

Our Commodities Staff
SOYABEAN MEAL FUTURES sharply on the London market yesterday, jumping by a permissible limit in the bid and continuing to gain in later trading. The number position closed at 25 a tonne, \$7.10 higher Friday's close.
A surge was attributed to reports that the U.S. crop rate by private forecasters at Leslie, due out today, would show a steep reduction in soyabean production year compared with the official U.S. Department of Agriculture estimate on August 1 of 1976. It is thought that the estimate might be as low as 1.242m bushels, a reduction in the maize crop estimate by Leslie now 6,000m bushels is also expected.
Soyabean meal and oil prices rose in local transactions were reported yesterday. Soyabean meal about 89 higher with a 5 tonne, cif the Continent, said.
Reuter reported from Rio de Janeiro that repurchase of beans already sold for export, but unshipped, is no longer fitted by any sector of the bean trade, according to a source from the Foreign Trade Ministry of the Bank of Brazil (Caixa) said.

Poland may export extra grain

WARSAW, Sept. 6. AND PLANS to import more than 100,000 tonnes of grain to stop the slaughter and to maintain the supply of meat to towns, said a government spokesman.
The spokesman said that the government had decided to export extra grain to Poland, that cattle and pigs had been slaughtered this year and pigs by 9.6 cent. The downward trend is continuing, he added.

Indonesian rice stocks raised

JAKARTA, Sept. 6. ONESIA IS building up its stocks to guard against the possibility of a food shortage during the long period of the dry. Widodo Nitisastro, Minister of State for Economy, Trade and Industry, said.
He said that the government had raised 10,000 tonnes from 700,000 by buying rice from the U.S., India, Burma and Thailand.

Colorado beetle found in U.K. potato crop

BY PETER SULLEN, COMMODITIES STAFF
THE FIRST infestation of Colorado beetles in Britain for 24 years has been confirmed on a farm near Ramsgate, Kent, the Ministry of Agriculture said yesterday.
A breeding colony of 120 adult beetles was found on a farm at Minster, Thanet, and a team of Ministry pest control officers began an immediate eradication programme to prevent a new threat to Britain's drought-hit potato crop from building up.
The area around the breeding colony was cleared of potato plants and the soil treated with sodium methan phosphorotriphosphide. Another pest control chemical was carried out over the whole field and adjacent crops within about three miles around the spot were carefully searched for signs of any other Colorado beetles.
Every year a certain number of the beetles are reported in this country. Generally they are spotted by diligent searches of

Gold rise steadies metal markets

BY JOHN EDWARDS, COMMODITIES EDITOR
THE RISE in gold helped steady base-metal values on the London Metal Exchange yesterday, but trading volume was light in view of the closure of the New York copper market for the Labour Day holiday.
An increase of 800 tonnes to a new peak of 560,700 tonnes in copper stocks held in LME warehouses failed to spark much interest in the market, though the rise was smaller than had generally been forecast.
After trading quietly throughout the day copper cash wirebars closed only \$1.5 higher at \$947 a tonne.
A fall of 535 tonnes in tin stocks, reducing total holdings to 7,655 tonnes, helped steady the market although in line with expectations. An easing in the Penang tin market at the weekend was more than offset by the influence of the rise in gold and cash tin closed \$23 up at \$4,500 a tonne.
Lead stocks rose by 1,225 to 76,225 tonnes in line with market forecasts. But rumours that another U.S. producer price rise was being considered helped boost values, aided by some reported fresh buying interest from Eastern Europe. As a result, cash lead closed \$5.5 higher at \$2,765 a tonne.

New peaks in cocoa values

By Our Commodities Editor
COCOA PRICES advanced to all-time highs on the London futures market yesterday. But the market ran out of steam at the higher levels, and prices eased slightly.
The December position, for example, closed \$12.75 up at \$1,454 a tonne after having traded at \$1,465 in the morning.
The higher opening tone reflected the limit rise in the New York market on Friday and continuing concern about the crop prospects in Brazil.
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The higher opening tone reflected the limit rise in the New York market on Friday and continuing concern about the crop prospects in Brazil.

Japan buying aluminium from Russia

TOKYO, Sept. 6. THE SOVIET UNION is reported to be offering refined aluminium to Japan, it was claimed here. About 10,000 tonnes are thought to have been offered to Japan in a month, according to Japanese aluminium industry sources.
Japan had been supplied with about 10,000 tonnes of Soviet aluminium annually under a three-year arrangement with five Japanese companies through a European trading house. The trade terminated last July.
The sources said negotiations for a new deal aimed at orderly marketing of the Soviet metal failed because of disagreement on price and quantity.
If the Soviet aluminium sales to Japan are increased, they may affect the domestic aluminium market which has started to recover from the prolonged slump.

Exporting water to a thirsty world

BY DAI HAYWARD IN WELLINGTON
PURE, CLEAN mountain water has passed through the hydroelectric power station at Lake Manapouri, New Zealand, and is being shipped to the Middle East. Next month the first shipment of fresh water from New Zealand will leave for Bahrain.
It will be taken from a world famous scenic resort, Lake Manapouri, and will be sold to Bahrain on a long-term contract. The water will be carried in one litre plastic containers.
This trial shipment, valued at \$N28,000, is a success, plans for a regular shipping service carrying 15 tonnes of water on each voyage will be implemented.
Millions of tonnes of water are pumped from the Lake Manapouri Hydro Scheme. The generating plant and turbines are set in a chamber hollowed out of solid rock 700 feet down inside a mountain.
Water from the lake drops vertically down the 700 foot shaft and races along a ten-mile underground tunnel from the generating chamber to the sea. The water cascades from the tunnel into the beautiful Doubtful Sound—a remote spot hundreds of miles from the nearest large town.
The first trial shipment will be made in containers. The water is being pumped from Lake Manapouri and taken by road to the port. Future shipments will load directly at the outlet point of the tailrace tunnel, where the waste water pours into the sea.
Doubtful Sound, which was named by Captain Cook, is a narrow deep inlet reminiscent of a Norwegian fjord. It can accommodate large vessels right alongside the shoreline.
The company hoping to launch the water export trade has already made arrangements to charter a 15,000 tonne freighter. It hopes to make up to 10 return voyages carrying 150,000 tonnes of water to various Middle East countries. The company is already talking to an African country about the possibility of shipping New Zealand water there also.
It is planned to fit a charter vessel with rubberised nylon containers to hold the water on the outward voyage.
After discharge at its destination the containers would fold flat and general cargo for Australia or New Zealand could be loaded on top for the homeward voyage.
The men behind the scheme are so confident of success that they are already investigating the possibility of adding milk powder, vitamins and other nutrients to the water before it leaves New Zealand.

Opposed

Some objection to the water export project came from environmentalists, who were opposed to any commercial activities in a national park. But assurances were given that the construction of the loading facilities would be carefully planned to cause the minimum disturbance to the park.

Drought threatens Australian wool

MELBOURNE, Sept. 6. LOSSES of sheep in Australia's drought-affected areas are causing concern about prospects for the next season, the Australian Wool Corporation said in its monthly review of the 1976/77 clip.
Lambing percentages in all districts are reported to be lower than normal. With high sheep losses and high slaughtering rates this is expected to result in reduced sheep numbers at the end of this season.
The Corporation noted the wool production forecasting committee would meet in late this month to review the 1976/77 clip forecast in view of the continuing drought.
Spring shearing is well under way. Reports indicate that due to favourable shearing weather

Canadian pulp business has bad year

MONTREAL, Sept. 6. MR. WILLIAM TURNER, Jr., president of Consolidated Bathurst, one of Canada's largest pulp, paper and packaging groups, said 1976 had been a disastrous year for the pulp business. But there are signs American demand may pick up the weak pulp market.
The weak pulp market has brought a shutdown at the company's hardwood Kraft mill west of Montreal. Many other Eastern pulp producers have also shut mills for specific periods.
Several newsprint mills have been shut, but Consolidated (with capacity of over 1m tons a year) is running its machines flat out and still has only minimum stocks.
The only hope for earnings to move much over the forecast \$3 a share this year would be a dramatic turnaround immediately in the U.S. pulp market and a significant fall in discount in the external value of the Canadian dollar. Canadian pulp and paper companies receive U.S. dollars for their newsprint, and make an exchange profit when the Canadian dollar is at a discount.
REUTERS

India will need five more fertiliser plants

NEW DELHI, Sept. 6. INDIA would have to build at least five large fertiliser plants to bridge the gap between production and consumption of nitrogenous fertilisers by 1983-84, the Independent Fertiliser Association of India said.
The five plants would have to be in addition to several projects now being executed.
The gap between domestic production and consumption this year has been estimated at 550,000 tonnes.
This gap should be reduced to about 145,000 tonnes by 1980-81 by some of the projects under implementation. But the shortfall would rise to 1.3m tonnes by 1983-84, the last year of the country's five-year development plan.
No shortage of phosphatic fertilisers is expected, REUTER.

FINANCIAL TIMES

Sept. 6	Sept. 5	Month ago	Year ago
235.85	235.40	236.25	176.94
(Index: Sept. 1, 1962=100)			
REUTERS			
1465.1	1463.7	1468.0	1261.8
(Index: Sept. 1, 1962=100)			
DOW JONES			
157.43	157.37	158.59	125.80
(Index: Sept. 1, 1928=100)			
MOODY'S			
124.15	124.15	124.15	124.15
(Index: Sept. 1, 1926=100)			
COTTON			
16.00	16.00	16.00	16.00
(Index: Sept. 1, 1926=100)			

COMMODITY MARKET REPORTS AND PRICES

BASE METALS			
Commodity	Unit	Price	Change
Copper	lb	1.04	+0.01
Aluminium	lb	0.03	+0.00
Zinc	lb	0.04	+0.00
Lead	lb	0.05	+0.00
Gold	ounce	375.00	+5.00
Silver	ounce	18.00	+0.10

L.G. INDEX 01-51 2486 GOLD 112-113			
Commodity	Unit	Price	Change
Wheat	bu	1.25	+0.01
Barley	bu	0.85	+0.01
Oats	bu	0.65	+0.01
Rice	bu	1.50	+0.01

PERSONAL			
Commodity	Unit	Price	Change
Gas	cu ft	0.10	+0.01
Electricity	kwh	0.05	+0.01

COCOA			
Commodity	Unit	Price	Change
Cocoa	lb	1.45	+0.01

COFFEE			
Commodity	Unit	Price	Change
Coffee	lb	0.10	+0.01

RUBBER			
Commodity	Unit	Price	Change
Rubber	lb	0.15	+0.01

SUGAR			
Commodity	Unit	Price	Change
Sugar	lb	0.12	+0.01

PRICE CHANGES

Commodity	Unit	Price	Change
Wheat	bu	1.25	+0.01
Barley	bu	0.85	+0.01
Oats	bu	0.65	+0.01
Rice	bu	1.50	+0.01

MEAT/VEGETABLES			
Commodity	Unit	Price	Change
Beef	lb	0.10	+0.01
Pork	lb	0.08	+0.01
Chicken	lb	0.12	+0.01

SUGAR			
Commodity	Unit	Price	Change
Sugar	lb	0.12	+0.01

SOYABEAN MEAL			
Commodity	Unit	Price	Change
Soyabean meal	lb	0.05	+0.01

GRAINS			
Commodity	Unit	Price	Change
Wheat	bu	1.25	+0.01

FREIGHTS			
Commodity	Unit	Price	Change
Freight	ton	0.10	+0.01

LONDON COMMODITY CHARTS			
Commodity	Unit	Price	Change
Wheat	bu	1.25	+0.01

STOCK EXCHANGE REPORT

Quiet day featured by sharp advance in Gold shares

Share index down 1.6 at 352.0—Short gilts firm

Account Dealing Dates

Option

First Declared

Last Account

Dealing Dates

Dealing Dates

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buying left prices with gain

generally ranging to 1.5

Exceptionally, Treasury 3 per cent

1979, advanced 3 to 82. Dealers

in the medium and long term

on record and prices were barely

tested. The announcement that

the balance of merchant seamen

had resulted in a vote narrowly

in favour of industrial action in

support of their pay claim came

too late to affect sentiment.

With Wall Street and the Cape

both closed yesterday, business in

the investment currency market

was thin; the premium started

the day with a fresh improvement

to 100 per cent, but subsequently

receded to 107, before finishing at

108, per cent, for an overall loss

of 1.5 per cent, for an overall loss

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quoted ex "rights" at 29p, with

the new all-paid shares opening

and closing at 2p premium

Buildings shrugged aside re-

ports of an increase in house-

building starts in July and once

again closed narrowly irregular

following a quiet trade. R. Costin

edged up 2 to 127p in front of

to-day's interim statement, while

similar advances were recorded

by Aberthaw Cement, 50p, and

Watts Stake and Beam, 11p.

Reed and Malik closed fraction-

ally better at a 1976 peak of 31p.

Whitings, however, finished a

shade easier at 71p ex the "rights"

issue with the new all-paid shares

opening at 21p premium and closing

at 23p premium after a slight

trade. J.W. Henderson lost 5 more

to 105p, while Ernest Ireland, 22p,

and SGB, 70p, shed 2 apiece.

ICI were finally a penny off at

330p ex, after 31p bid. Elsewhere

in Chemicals, Borel, still reflect-

ing news of its recent major

acquisition, improved 6 to 94p.

After 35p, Laporte gained 2 to

35p, but trading news made no

impression on overvalued Shell

and Stora. 73p, both of

which closed without alteration.

Among small-priced issues, Cry-

stalite hardened fractionally to

81p. Overseas issues were note-

worthy for a reaction of 22 to

1001 Alcan.

Burton Group encountered sell-

ing in quiet Stores, the Ordinary

losing 2 to 40p and the "A" re-

ceding 2 to 31p. Other casualties

included R. Paradise, 19p, and

Hearst, 25p, both 2

cheaper. Lee Cooper, however,

edged up 3 more to 33p ex the

two-for-one scrip issue. Midland

Educational hardened 2 to 77p

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similar advances were recorded

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DRIVERS JONAS

DRIVERS JONAS
Chartered Surveyors
London - Aberdeen - Milan

FT SHARE INFORMATION SERVICE

HOTELS - Continued

1976	1975	Stock	Price	% Chg	Div	Yield	1976	1975	Stock	Price	% Chg	Div	Yield
100	100	Grand Hotel	100	0	0	0	100	100	Grand Hotel	100	0	0	0
101	101	Hotel de Ville	101	0	0	0	101	101	Hotel de Ville	101	0	0	0
102	102	Hotel de Ville	102	0	0	0	102	102	Hotel de Ville	102	0	0	0
103	103	Hotel de Ville	103	0	0	0	103	103	Hotel de Ville	103	0	0	0
104	104	Hotel de Ville	104	0	0	0	104	104	Hotel de Ville	104	0	0	0
105	105	Hotel de Ville	105	0	0	0	105	105	Hotel de Ville	105	0	0	0
106	106	Hotel de Ville	106	0	0	0	106	106	Hotel de Ville	106	0	0	0
107	107	Hotel de Ville	107	0	0	0	107	107	Hotel de Ville	107	0	0	0
108	108	Hotel de Ville	108	0	0	0	108	108	Hotel de Ville	108	0	0	0
109	109	Hotel de Ville	109	0	0	0	109	109	Hotel de Ville	109	0	0	0
110	110	Hotel de Ville	110	0	0	0	110	110	Hotel de Ville	110	0	0	0

INDUSTRIALS

(Miscel)

1976	1975	Stock	Price	% Chg	Div	Yield	1976	1975	Stock	Price	% Chg	Div	Yield
111	111	British Petroleum	111	0	0	0	111	111	British Petroleum	111	0	0	0
112	112	British Petroleum	112	0	0	0	112	112	British Petroleum	112	0	0	0
113	113	British Petroleum	113	0	0	0	113	113	British Petroleum	113	0	0	0
114	114	British Petroleum	114	0	0	0	114	114	British Petroleum	114	0	0	0
115	115	British Petroleum	115	0	0	0	115	115	British Petroleum	115	0	0	0
116	116	British Petroleum	116	0	0	0	116	116	British Petroleum	116	0	0	0
117	117	British Petroleum	117	0	0	0	117	117	British Petroleum	117	0	0	0
118	118	British Petroleum	118	0	0	0	118	118	British Petroleum	118	0	0	0
119	119	British Petroleum	119	0	0	0	119	119	British Petroleum	119	0	0	0
120	120	British Petroleum	120	0	0	0	120	120	British Petroleum	120	0	0	0

ENGINEERING - Continued

1976	1975	Stock	Price	% Chg	Div	Yield	1976	1975	Stock	Price	% Chg	Div	Yield
121	121	British Petroleum	121	0	0	0	121	121	British Petroleum	121	0	0	0
122	122	British Petroleum	122	0	0	0	122	122	British Petroleum	122	0	0	0
123	123	British Petroleum	123	0	0	0	123	123	British Petroleum	123	0	0	0
124	124	British Petroleum	124	0	0	0	124	124	British Petroleum	124	0	0	0
125	125	British Petroleum	125	0	0	0	125	125	British Petroleum	125	0	0	0
126	126	British Petroleum	126	0	0	0	126	126	British Petroleum	126	0	0	0
127	127	British Petroleum	127	0	0	0	127	127	British Petroleum	127	0	0	0
128	128	British Petroleum	128	0	0	0	128	128	British Petroleum	128	0	0	0
129	129	British Petroleum	129	0	0	0	129	129	British Petroleum	129	0	0	0
130	130	British Petroleum	130	0	0	0	130	130	British Petroleum	130	0	0	0

ELECTRICAL AND RADIO

1976	1975	Stock	Price	% Chg	Div	Yield	1976	1975	Stock	Price	% Chg	Div	Yield
131	131	British Petroleum	131	0	0	0	131	131	British Petroleum	131	0	0	0
132	132	British Petroleum	132	0	0	0	132	132	British Petroleum	132	0	0	0
133	133	British Petroleum	133	0	0	0	133	133	British Petroleum	133	0	0	0
134	134	British Petroleum	134	0	0	0	134	134	British Petroleum	134	0	0	0
135	135	British Petroleum	135	0	0	0	135	135	British Petroleum	135	0	0	0
136	136	British Petroleum	136	0	0	0	136	136	British Petroleum	136	0	0	0
137	137	British Petroleum	137	0	0	0	137	137	British Petroleum	137	0	0	0
138	138	British Petroleum	138	0	0	0	138	138	British Petroleum	138	0	0	0
139	139	British Petroleum	139	0	0	0	139	139	British Petroleum	139	0	0	0
140	140	British Petroleum	140	0	0	0	140	140	British Petroleum	140	0	0	0

BUILDING INDUSTRY - Continued

1976	1975	Stock	Price	% Chg	Div	Yield	1976	1975	Stock	Price	% Chg	Div	Yield
141	141	British Petroleum	141	0	0	0	141	141	British Petroleum	141	0	0	0
142	142	British Petroleum	142	0	0	0	142	142	British Petroleum	142	0	0	0
143	143	British Petroleum	143	0	0	0	143	143	British Petroleum	143	0	0	0
144	144	British Petroleum	144	0	0	0	144	144	British Petroleum	144	0	0	0
145	145	British Petroleum	145	0	0	0	145	145	British Petroleum	145	0	0	0
146	146	British Petroleum	146	0	0	0	146	146	British Petroleum	146	0	0	0
147	147	British Petroleum	147	0	0	0	147	147	British Petroleum	147	0	0	0
148	148	British Petroleum	148	0	0	0	148	148	British Petroleum	148	0	0	0
149	149	British Petroleum	149	0	0	0	149	149	British Petroleum	149	0	0	0
150	150	British Petroleum	150	0	0	0	150	150	British Petroleum	150	0	0	0

BANKS AND HIRE PURCHASE

1976	1975	Stock	Price	% Chg	Div	Yield	1976	1975	Stock	Price	% Chg	Div	Yield
151	151	British Petroleum	151	0	0	0	151	151	British Petroleum	151	0	0	0
152	152	British Petroleum	152	0	0	0	152	152	British Petroleum	152	0	0	0
153	153	British Petroleum	153	0	0	0	153	153	British Petroleum	153	0	0	0
154	154	British Petroleum	154	0	0	0	154	154	British Petroleum	154	0	0	0
155	155	British Petroleum	155	0	0	0	155	155	British Petroleum	155	0	0	0
156	156	British Petroleum	156	0	0	0	156	156	British Petroleum	156	0	0	0
157	157	British Petroleum	157	0	0	0	157	157	British Petroleum	157	0	0	0
158	158	British Petroleum	158	0	0	0	158	158	British Petroleum	158	0	0	0
159	159	British Petroleum	159	0	0	0	159	159	British Petroleum	159	0	0	0
160	160	British Petroleum	160	0	0	0	160	160	British Petroleum	160	0	0	0

BRITISH FUNDS

1976	1975	Stock	Price	% Chg	Div	Yield	1976	1975	Stock	Price	% Chg	Div	Yield
161	161	British Petroleum	161	0	0	0	161	161	British Petroleum	161	0	0	0
162	162	British Petroleum	162	0	0	0	162	162	British Petroleum	162	0	0	0
163	163	British Petroleum	163	0	0	0	163	163	British Petroleum	163	0	0	0
164	164	British Petroleum	164	0	0	0	164	164	British Petroleum	164	0	0	0
165	165	British Petroleum	165	0	0	0	165	165	British Petroleum	165	0	0	0
166	166	British Petroleum	166	0	0	0	166	166	British Petroleum	166	0	0	0
167	167	British Petroleum	167	0	0	0	167	167	British Petroleum	167	0	0	0
168	168	British Petroleum	168	0	0	0	168	168	British Petroleum	168	0	0	0
169	169	British Petroleum	169	0	0	0	169	169	British Petroleum	169	0	0	0
170	170	British Petroleum	170	0	0	0	170	170	British Petroleum	170	0	0	0

Over Fifteen Years

1976	1975	Stock	Price	% Chg	Div	Yield	1976	1975	Stock	Price	% Chg	Div	Yield
171	171	British Petroleum	171	0	0	0	171	171	British Petroleum	171	0	0	0
172	172	British Petroleum	172	0	0	0	172	172	British Petroleum	172	0	0	0
173	173	British Petroleum	173	0	0	0	173	173	British Petroleum	173	0	0	0
174	174	British Petroleum	174	0	0	0	174	174	British Petroleum	174	0	0	0
175	175	British Petroleum	175	0	0	0	175	175	British Petroleum	175	0	0	0
176	176	British Petroleum	176	0	0	0	176	176	British Petroleum	176	0	0	0
177	177	British Petroleum	177	0	0	0	177	177	British Petroleum	177	0	0	0
178	178	British Petroleum	178	0	0	0	178	178	British Petroleum	178	0	0	0
179	179	British Petroleum	179	0	0	0	179	179	British Petroleum	179	0	0	0
180	180	British Petroleum	180	0	0	0	180	180	British Petroleum	180	0	0	0

Undated

1976	1975	Stock	Price	% Chg	Div	Yield	1976	1975	Stock	Price	% Chg	Div	Yield
181	181	British Petroleum	181	0	0	0	181	181	British Petroleum	181	0	0	0
182	182	British Petroleum	182	0	0	0	182	182	British Petroleum	182	0	0	0
183	183	British Petroleum	183	0	0	0	183	183	British Petroleum	183	0	0	0
184	184	British Petroleum	184	0	0	0	184	184	British Petroleum	184	0	0	0
185	185	British Petroleum	185	0	0	0	185	185	British Petroleum	185	0	0	0
186	186	British Petroleum	186	0	0	0	186	186	British Petroleum	186	0	0	0
187	187	British Petroleum	187	0	0	0	187	187	British Petroleum	187	0	0	0
188	188	British Petroleum	188	0	0	0	188	188	British Petroleum	188	0	0	0
189	189	British Petroleum	189	0	0	0	189	189	British Petroleum	189	0	0	0
190	190	British Petroleum	190	0	0	0	190	190	British Petroleum	190	0	0	0

INTERNATIONAL BANK

FOOTNOTES (miscel.)									
421	Agric	Wt Spc	36-80	454	...	11.11	14.58		
661	Alcan	10 Spc	20-84	711	...	15.02	15.49		
934	...	FFI	13pc	71	...	13.26	13.58		
99	Do	14pc	1979	1051	+1	13.83	13.59		
604	HCFF	7 1/2 Ln	70-95	611	...	14.43	14.90		
89	Do	Sp	1977	964	+4	9.45	13.09		
943	Do	10pc	C 1976	203	+1	10.01	10.90		
21	...	Met	Water Sp	B	...	14.11	15.20		



FINANCIAL TIMES

Tuesday September 7 1976



Alaskan oil delay report challenged

BY RAY DAFTER, ENERGY CORRESPONDENT

THE TRANS-ALASKA oil pipeline could be delayed by as much as a year and plagued by persistent leaks, according to a U.S. Congressional report.

But these doubts have been immediately challenged by the Alaska Consortium which is building the 7,700-mile pipeline and British Petroleum, one of the major participants.

Investigators for the House of Representatives sub-committee on Energy and Power have said they doubt whether the 800-mile pipeline will be in operation by mid-1977, as planned. Sub-standard workmanship, inadequate controls and insufficient Government monitoring could result in a delay of up to 12 months, they said.

Even when the pipeline is in operation "it would be possible for leaks of up to 500 barrels a day to occur without detection indefinitely" because the detection system is not sensitive enough, it is claimed.

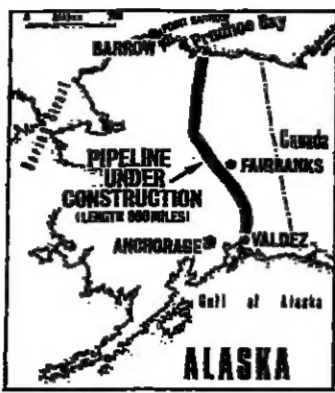
The reservations were made in a report submitted to Representative John Dingell, chairman of the sub-committee.

'Biased'

Mr. William Darch, president of Alyeska, insists that the project would be ready by mid-1977 "plus or minus a month," a prediction echoed in London by BP. Mr. Darch also denied that welders had done "sloppy" work, and defended the quality controls.

Mr. Kent Frizzell, the Interior Under-Secretary, also denounced the report as "biased and a total misrepresentation of the facts." He said that to suggest the Government's oversight of construction was inadequate was to make a "most flagrant and mistaken statement."

Nevertheless, the report has raised fresh doubts about the progress of the project, in which BP has a 15.94 per cent. direct



stake and an interest through its associated company Sohio, which has a 33.34 per cent. involvement. The report also charges that radiographers sometimes log behind welding crews by three miles, although the authorised limit is half a mile, and that at one site no weld was x-rayed on the day it was made.

Representative Dingell has already denounced a Transportation Department fact-finding mission in which officials spent three days in Alaska. He called it "little more than an administrative public relations blitz to show some Government action after the horse was out of the barn."

Alyeska is seeking exemption from re-welding 612 connections because it deems the work as "unnecessary and not in the public interest." The welds are buried in permafrost, in flood plains of rivers or under rivers.

An audit of welding work this spring showed that 3,955 welds were "questionable"; that is, there were faults, they were incomplete, or that the x-rays did not tally with other documents. So far over 3,175 of the problems have been resolved. Some 56,000 welds have been made to join sections of the pipeline, which is within 200 miles of completion.

Tougher NZ strike laws likely

By Dai Hayward

WELLINGTON, Sept. 6. THE NEW ZEALAND Government's anti-union measures are now expected to go much further than its previously announced intention simply to ban picket lines.

It is believed that legislation to be introduced to Parliament next week will prohibit all strikes except those on safety or health grounds in support of a union's annual pay claim.

Heavy penalties including \$NZ1,000 (£500) fines on unions and \$NZ2,000 (£1,000) fines on every worker who goes on strike are included, according to industrial sources.

The Government wants authority to order striking unions back to work. Union leaders could be barred from holding office in a trade union for several years if the Government felt this necessary. These would carry heavier penalties for defying a Government order to return to work. Trade unions will learn details of Government plans to-morrow.

Last week the Government, angry at the unions' defiance and refusal to end a strike protesting at the visit of an American nuclear warship, announced it would bring in legislation to outlaw political strikes. However, it is understood provisions will go much further. The Bill is expected to be introduced to Parliament next week. It is likely to bring even further industrial action and direct confrontation with the unions, who are maintaining their industrial battle over the Government's wage freeze.

This week, engineers will cause shutdowns ranging from 24 hours to several days, and meatworkers and paper-mill workers are also planning stoppages, with railwaymen and carpenters discussing strike action.

The committee's suggestions, which will be discussed this month with senior officials of the Department of Industry, reiterate proposals put to the Government nearly two years ago when a clothing aid scheme was first requested. Within the committee there is a feeling that the adoption of its original suggestions would have ensured a much better response.

The committee originally was in favour of a 30 per cent. grant level and a £10,000 minimum level for projects. The committee also suggested that the closing date for applications should be the end of 1977 with schemes to be completed within the following two years. Under the present scheme, projects must be completed by the end of 1978.

The £30,000 minimum qualifying level for assistance for capital projects was decided by the Department of Industry in the first six months of this year, clothing imports into the U.K. rose by 35 per cent. giving an unfavourable trade balance in clothing of £163m. Imports of men's overcoats, at £43,000, were up by more than 300 per cent. on the same period last year and imports of other men's outerwear rose by 73 per cent. In women's outerwear imports were up 26 per cent.

The rapid increase in imports has come about despite negotiations by the EEC of bilateral agreements with supplying countries under the multi-fibre arrangement of the General Agreement on Tariffs and Trade, which regulates world trade in textiles. There is uncertainty within textiles and clothing whether any improvement will be secured when the next stage of the agreement is negotiated.

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Big sugar users join call for monopoly inquiry

BY KEITH LEWIS, CITY STAFF

MRS. SHIRLEY WILLIAMS, Secretary for Prices and Consumer Protection, received a further appeal yesterday from the main sugar users to refer the proposed £44m. bid by Tate and Lyle for Manbré and Garton to the Monopolies Commission.

The Cocoa Chocolate and Confectionery Alliance, the Cake and Biscuit Alliance and the Food Manufacturers Federation, in a joint statement following a meeting with the Ministry of Food, Fisheries and Agriculture, said that the various groups "approved the variety of problems which the proposed merger presents to the various Government departments involved, and felt that an inquiry by the Monopolies Commission would clarify these."

The document lists not only the opposition of sugar users but also of employees at the Tate and Lyle refineries. The chairman of Manbré, Mr. Frank Smith, repeated the group's readiness to resume talks with Tate & Lyle on cane sugar rationalisation. He concluded that if Tate was not willing to proceed with such negotiations "their true motive for the take-over, despite all their protestations to the contrary, is to acquire our glucose and starch interests and thereby create a monopoly."

Market shares ended 1p higher on Tuesday night at 183p, which was September 10, having received 7p below the value of the Tate and Lyle cash offer.

The Tate and Lyle offer, which was expected to be given the go-ahead by the Office of Fair Trading more than two weeks ago, is expected to give the decision this week, possibly on Thursday.

Tate extended the offer last week from September 1 to September 10, having received 7p below the value of the Tate and Lyle cash offer.

Cunard wins round in MFC ships bid

BY JOHN WYLES, SHIPPING CORRESPONDENT

CUNARD STEAM Ship Company yesterday won an important round in its bid to acquire 13 refrigerated cargo ships owned by Maritime Fruit Carriers, when the High Court granted an injunction postponing the forced sale of one of the vessels for seven days.

This gives Cunard a breathing space to reach some understanding with the Danish Shipbuilding Credit Foundation, the main creditor responsible for the arrest of the ship, the Orkidea. Similar agreements are needed with other creditors before Cunard can assume control of the U.K.-registered ships under the terms of its £112m. (£62.9m.) agreement with MFC.

The Orkidea was to have been sold by Britain's Admiralty to-day but, on an application from a Maritime sub-committee, the court granted an injunction to postpone the sale for seven days.

Cunard, which organised the application, hopes to win a further delay next week should it fail to secure final agreement with the Danes meantime.

Prospects of success are generally reckoned to be good by leading bankers, although some of the main creditors are expected to drive a hard bargain on the question of loan re-scheduling.

The attitude of Sweden's Salen shipping group is less certain but could prove to be an important factor behind the scenes. Salen had all of Maritime's 37 refrigerated ships on charter until the virtual collapse of the Israeli-American company in July when creditors seized nearly all the vessels.

Salen has so far managed to regain the use of 18 ships and will not be happy at the prospect of a large number of former Maritime vessels falling into the hands of a potential rival in the shipping market.

Sea Containers, the U.S. company which was trying to set up a joint venture with Maritime to operate more than 20 ships, claimed when it abandoned its efforts last week that Salen had secretly planned a course of action which would capture most of the Maritime ships "unless vigorously opposed."

The ultimate benefits to Maritime of the Cunard deal also remain unclear, although there are strong suggestions that it will provide a financial basis for going ahead with the three large oil tankers on order at Harland and Wolff in Belfast and Scott Lithgow on the Lower Clyde.

The deal to be completed next month when further instalments on the two vessels ordered from Scott Lithgow are due to be paid.

The opening of a 50,000 square foot hypermarket at Eastleigh, near Southampton, hit trade in three out of four nearby shopping centres, but did not result directly in any shop closures, a report on the Carrefour hypermarket showed yesterday.

The report, commissioned by the Department of the Environment, is part of a two-fold Government study into the impact of hypermarkets on both consumers and existing shopping facilities. The second part, to be published shortly, will deal with the prices charged by hypermarkets.

Both are designed to produce new facts in the long-running debate between the big food retailers, who want to build these large stores, and the planning authorities, who generally have resisted them.

The Government recently published new guidelines on large store development for planning authorities, but although these might lessen some of the delays experienced by those seeking permission to build stores of 30,000 square feet and more they still leave considerable power in the hands of local authorities.

The big retailers can take some comfort from yesterday's report in that it supports their argument that the opening of a hypermarket does not automatically force other smaller shops out of business.

Nor does the report find that Carrefour's opening has radically changed the nature of trading in the established centres, although it does say that, allowing for inflation, there was "evidence of loss of turnover a year after the hypermarket opened" at three of the four centres studied.

Trade at the fourth centre was helped by the opening of a new Tesco supermarket at about the same time as the Carrefour opening.

Yesterday, Mr. Aylett Moore, chairman of Hypermarket (Holdings), which operates Carrefour in this country, said he welcomed the report. It demonstrated that a "correctly sited, free-standing hypermarket could comfortably take its place within the existing pattern of retailing."

Retailers also welcomed the report showed that customers liked what they were being offered at the Eastleigh hypermarket—particularly the convenience of parking and the lower prices.

The main findings, Page 12

THE LEX COLUMN

Slater ahead of the write-offs

Equities stagnated yesterday in what, even by recent standards, was a very slow start to a new account, and the result of the seamen's ballot had no immediate impact on gilts.

Gilts provided the only spot of excitement, following the latest rally in the bullion price, the FT Gold Mines Index has now recovered by 35 per cent. within the space of a fortnight.

Slater Walker

On the first day of an account which takes in the publication of the Slater Walker report next Tuesday the shares were weak — falling 1p to equal the 16p low point, after 15p; they were also on the active stocks list, though admittedly that did not imply very much yesterday.

For much of the past six months the shares have been fluctuating around 35p, so the recent decline reflects a significant downgrading of the market's expectations of what will emerge in a week's time. The market capitalisation of £11.6m. at 16p would probably fit in with a figure of around £20m. for net worth, bearing in mind that a sizeable discount on the published asset backing can be expected to persist.

The starting point for any rough calculations ahead of the full statement is the end-1974 balance sheet, which showed net worth of £80m. Subsequent "cheap" buying in of loan stocks may have added nearly £10m. to this. Identifiable losses on investments or loans — notably involving Haw Par, Equity Enterprises and Charles Spreckley — total roughly £20m.

Stakes in associates could have required writedowns of a good £10m. compared with balance sheet values. The insurance companies were in at £11m. but these — still not disposed of after protracted negotiations — are unlikely to be worth more than a very few fm.

The largest grey area of all is property, which represented an investment of £74m. (£17m. of this being categorised as dealing property) at the end of 1974. Most of the properties were included at cost or at a 1973 valuation, and the portfolio had more than doubled since the end of 1971. Moreover there appeared to be substantial development outgoings, with group commitments standing at over £16m. at December 1974.

The market may, of course, have got it wrong—but it would be surprising if earlier hopes of net worth of £40m. or more were to be realised. And if the current share price is anywhere near the mark, Slater Walker is likely to be in further trouble over its loan stock trust deeds. After all, the group went to the lengths last December of buying in at par £3.5m. of 9½ per cent. Unsecured Loan Stock because of the relatively restrictive borrowing limits imposed by this stock. The implication was that the limit of twice capital and reserves would be breached at December 31, 1975, but that the less onerous limit attached to the other stocks (such as the 17½ per cent. stock 1985) of three times capital and reserves would not be broken.

Borrowings totalled £125m. in July 1975 and might have fallen by the year-end, so Slater Walker would probably have been in the clear with net worth of £40m. But as it is, the company may well have been conducting some tricky negotiations with its loan stock trustees during the past few months. Some idea of the market's nervousness can be gained from the 27 per cent. redemption yield on the 17½ per cent. loan stock, currently trading on a two-point spread in what seems to be largely a one-way market.

The market was counting on a solid profits performance from BBA Group this year so pre-tax growth of 10 per cent. to £2.99m. after six months

sent the shares down 3p yesterday. But BBA is not about a more buoyant one in the current half-year overall profits could top against £6m. in 1975. On basis the 1976 p/e is at 71. The group gets roughly third of its profits from Germany where the automotive trade is busy while its American markets are beginning to show modest improvement.

In the U.K., friction mate (mostly brake and clutch) showed volume gains tenth up to June; the segment market was static but ports and o.e. demand buoyant, and the division's 1975 with workforce reduction of up to a tenth. The balance sheet has stayed flat by the end of the year, reckons its mechanical operations will be of red. Overseas the group is being held back by its U.S. lag activities, but matters now improving. And growth in friction material Germany was about 5 per cent. As with the U.K., labour backs are also beginning to show through in profits.

The group balance sheet starting to reflect the effect of this year's big capital gain with borrowings up rough less than half sharehold funds. The shares' prospect yield is 8.8 per cent. and is to be covered three times.

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Direct Spanish Telegraph decided to go ahead and out of the investment business. The shares jumped to 43p but even before the discount on net assets—about fifth, against an average of over a third for the sector—been signalling a move unification which the 4 moored earlier this year. A asset value at the end of 58.4p a share could make a break-up value of around allowing for prior charges for the time being the seems to have got its just about right. The Slater Walker involvement (SW trusts held 27 per cent. of trust) should ease the case over, there are no other shareholders, although the Assurance has around 3 per cent.

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Clothing industry seeks changes in aid scheme

BY RHYS DAVID, TEXTILES CORRESPONDENT

CHANGES IN the Government's £20m. Industry Aid scheme for clothing are being suggested to the Government by the trade's economic development committee. Applications for assistance under the scheme which was announced in October last year are due to close at the end of this year but most of the funds available have to be taken up.

Until two weeks ago, the Department of Industry had made 42 offers towards projects likely to cost about £2m. The rate of grant for capital projects is set at 30 per cent. The Government's total commitment so far is therefore likely to be less than £500,000.

Although the total number of applications is thought to have reached about 180, a rapid increase in schemes submitted over the next three months would be needed for funds available to be taken up.

Changes which the committee is thought to be proposing are an increase in the rate of grant to 30 per cent. and a reduction in the qualifying level for assistance from £30,000 a project to £10,000. The committee is stressing that a generous extension of the closing date will have to be effected.

The clothing industry's failure to take up money in the scheme with the alacrity expected can be blamed partly on the continuing high level of import penetration into the U.K. at a time of recession in demand. Although the scheme is designed to enable the industry to raise productivity and counter the import threat, the decline in the market available to them has left many clothing manufacturers unable or unwilling to consider investment.

The rapid increase in imports has come about despite negotiations by the EEC of bilateral agreements with supplying countries under the multi-fibre arrangement of the General Agreement on Tariffs and Trade, which regulates world trade in textiles. There is uncertainty within textiles and clothing whether any improvement will be secured when the next stage of the agreement is negotiated.

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